



**Link Scheme Holdings Ltd
CPMI - IOSCO Public Disclosure
for the LINK Payment System
31st December 2021**

Responding Institution:	Link Scheme Holdings Ltd
Jurisdiction:	UK (English and Welsh Law)
Authorities Regulating:	The Bank of England Payment Systems Regulator
Date of Disclosure:	31 st December 2021
Disclosure Location:	https://www.link.co.uk/publications/policies-and-regulation/
For further information, please contact:	risk@link.co.uk



1 Executive Summary

LINK is the UK's largest cash machine network. Effectively every cash machine in the UK is connected to LINK and it is one of only a few ways that banks and building societies can offer their customers access to cash across the whole of the UK. All of the UK's main debit and ATM card issuers are members of LINK.

LINK operates in a competitive market. There is no requirement to join LINK, and VISA and Mastercard are examples of competitors in the UK. As a purely domestic Scheme, LINK supports both a free-to-use and pay-to-use model, and has a clearly defined set of Rules and legal agreements in place in respect of its operations, all which are governed by English and Welsh Law.

LINK currently has 34 Network Members, made up of the UK's main debit card issuers (banks and building societies) and cash machine operators (banks, building societies and independent ATM deployers – IADs). A full list of Network Members can be found on LINK's website at www.link.co.uk/members/members/

Those applying for membership of the LINK Scheme must meet specific membership criteria, both at the time of application and throughout the duration of their membership. Each Network Member is obliged to sign binding contracts in the form of a Members Agreement and a Switching and Settlement Agreement.

The role LINK plays in the stability of the UK's economy has been recognised under s.184 of the Banking Act 2009, meaning that the Bank of England supervises LINK. The Bank achieves two objectives through its supervision of financial market infrastructures (FMIs) such as LINK: to ensure FMIs take appropriate steps to mitigate risks they face, given the systemic impact of a failure of an FMI; and to ensure that FMIs mitigate or do not increase risk in the financial system more generally.

As LINK is a recognised payment system, it must have regard to the internationally agreed CPMI-IOSCO Principles for Financial Market Infrastructures (Principles). This public disclosure sets out how LINK has performed against these Principles and is set out under the disclosure framework. The Principles can be found at www.bis.org/cpmi/publ/d101a.pdf. There are sixteen Principles that apply to LINK: 1, 2, 3, 4, 5, 7, 8, 9, 13, 15, 16, 17, 18, 21, 22, and 23. The eight remaining Principles: 6, 10, 11, 12, 14, 19, 20 and 24 do not apply. The key questions have been answered based upon the policies and procedures in place on 30th September 2021.

This year's submission takes full account of the work completed to deliver a challenging agenda in the wake of coronavirus. The crisis accelerated existing patterns of reduced cash usage, rather than setting an entirely new direction. LINK's views on how to deal with this are set out in its Board approved Strategic Plan. The LINK Board reviewed LINK's Strategic Plan at a Business Strategy Event, to consider the longer-term impacts for LINK given the reduction in volumes, increasing costs, and the outputs from working groups including with regulators, to address cash access requirements in the longer term. The Board agreed the potential strategic direction and mandated the CEO to progress this work. Further work on industry structure, which will directly impact LINK's role, facilitated by UK Finance, is underway.



LINK maintains a mature risk management framework, which comprehensively manages its risks through a robust three lines of defence governance model. This sound risk management framework includes policies, processes, procedures, and systems that enable LINK to identify, measure, monitor and effectively manage the range of risks that arise in or are borne by LINK Scheme. LINK's management of risk is outlined in its Enterprise Risk Management Framework (ERMF) which documents how the Board and Senior Management Team are ultimately responsible for managing the level of aggregate risk tolerance and capacity for LINK.

2 Summary of Major Changes Since Last Disclosure

This year's submission takes stock of the work completed during a challenging time with coronavirus. LINK has implemented improvements to bolster its maturing risk management capability, with notable changes this year including:

- LINK is alert to the outputs from IOSCO's recently published Level 3 Assessment of FMI's Business Continuity Planning. LINK has reviewed and challenged its own Business Continuity Planning arrangements in light of learnings from that Level 3 assessment, to ensure compliance in the areas of concern to IOSCO.
- LINK remains focused on delivering the actions to strengthen its control framework and to identify sources of operational risk.
- LINK continues to strengthen and embed the critical work on Operational Resilience as set out by the Bank; and to ensure its control framework output testing strategy aligns to appropriate systems, policies, and procedures that LINK has in place.

3 General Background on the FMI

3.1 General Description of LINK and the Market it Serves

The LINK payment system provides a network that allows interoperability for the cards and ATMs connected to it. Effectively every cash machine in the UK is connected to LINK, and LINK is the only way banks and building societies can offer their customers access to cash across the whole of the UK. All of the UK's main debit and ATM card issuers are LINK Members.

Cash machine operators join LINK to offer cash to the 100 million plus LINK-enabled UK cards in circulation. The LINK Network is a fundamental part of the UK's payments infrastructure and cash machines are by far the most popular channel for cash withdrawal in the UK, used by millions of consumers every week.

LINK is a competitive scheme. There is no requirement to join LINK, and VISA and Mastercard are examples of competitors in the UK. LINK supports a free-to-use and pay-to-use model, and it is the competitive choice of LINK's 34 Network Members.

In terms of scale, the LINK Network is a high resilience, high volume, real-time system connecting some 56,000 ATMs, and conducting over 1 billion transactions a year.



When a consumer withdraws cash from a LINK-enabled free-to-use machine which is not owned by the consumer's bank, the consumer's bank pays a fee to the ATM provider to cover the cost of its transactions. This fee is known as Interchange.

LINK sets the Rules for ATM operators who want their cash machines to be part of the UK ATM Network or card issuers who want their cardholders to be able to use the UK ATM Network. Almost every cash machine in the UK, both free-to-use and pay-to-use, is connected to LINK, giving cardholders nationwide access to cash.

LINK is committed to maintaining free access to cash across the UK for as long as consumers need it. This includes maintaining the coverage of free-to-use ATMs in the most remote and rural locations, as well as improving free access in the most deprived areas of the UK.

LINK has operated a Financial Inclusion Programme (Programme) since 2006. The Programme is intended to improve free cash access in the most deprived and remote areas of the UK. LINK produces monthly Footprint and Dashboard Reports which give the public a view on the current status of the coverage of the ATM network in the UK. The latest reports can be downloaded from the LINK website.

In the wake of coronavirus, the crisis accelerated existing patterns of reduced cash usage, LINK remains committed to ensure people can continue to access their cash.

3.2 General Organisation of LINK

LSHL is the Operator of the LINK Scheme as set out in the Financial Services (Banking Reform) Act 2013. LINK is recognised as an inter-bank payment system under section 184 of the Banking Act 2009, bringing it into the scope of the Bank of England's supervisory regime. This is because of the crucial role that LINK plays in the UK economy as the main facilitator of free-to-use cash withdrawals.

LSHL is a company limited by guarantee. The Network Members of the company are the 34 companies that issue cards used in ATMs and the companies that provide ATMs.

The Board comprises of a Non- Executive Chair, six Non-Executive Directors and the Chief Executive. An overview of the individual LINK Board members is provided on the LINK website at www.link.co.uk/about/governance/.

LINK has three sub-committees, the Risk Committee, the Remuneration and Nominations Committee, and the Audit Committee. All three Committees have delegated authority from the Board, however ultimate responsibility for key decisions rests with the Board, including the setting of Scheme Rules and Interchange fees.

In addition to the Board and its sub-committees, the Board has established an independent Consumer Council. The Council was established in 2006 and consists of independent consumer and LINK Member representatives and is chaired by a Non-Executive Chair. The Council provides advice on consumer issues relating to the UK cash machine network. The Council represents consumer interests and publishes an annual report. To find out more about the Consumer Council visit the website at <https://www.link.co.uk/initiatives/consumer-council/>



3.3 Legal and Regulatory

LINK is considered systemically important by UK policymakers and as such is designated as a Financial Market Infrastructure under the Financial Service (Banking Reform) Act 2013. Accordingly, LINK is regulated by the Bank of England as one of a handful of systemic payment systems in the UK. The Bank's focus is on ensuring that LINK manages systemic integrity effectively.

LINK is also regulated by the Payment Systems Regulator (PSR), which is concerned with ensuring that it meets the needs of its service users, and is effective at competition and innovation.

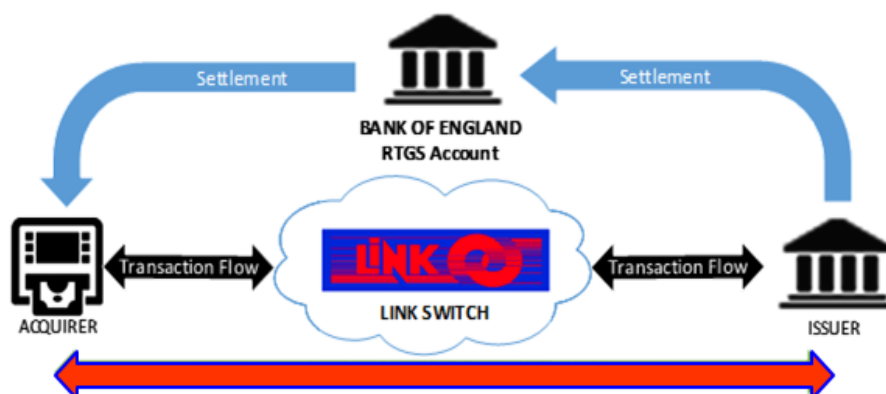
Both regulators work closely with the Board and the Senior Management Team.

LINK has in place a series of legally binding contractual documents between the various parties involved in the Scheme, which provide an effective framework within which the Scheme operates. The most important of these are Members Agreement which sets out the Governance and Rules for Network Members; and the Switching and Settlement Agreement which exists between LINK, the third party that provides the infrastructure, and the Network Members.

3.4 System Design and Operations

3.4.1 Overview

LINK provides the infrastructure that enables consumers in the UK who have a LINK-enabled card issued by their bank or building society to access their cash from a LINK-enabled ATM. It does this by linking the Issuer (the bank or building society that issued the card and with whom the consumer holds their account) and the Acquirer (the bank, building society, or IAD who operates the machine from which cash is withdrawn), and providing a mechanism for balances owed by Issuers to Acquirers to be settled.



3.4.2 Processing a LINK Transaction

A typical LINK transaction follows these basic steps, and usually takes no more than a few seconds to complete:

1. A customer with a LINK-enabled card makes a request at a LINK cash machine (operated by an Acquirer), usually to withdraw cash;

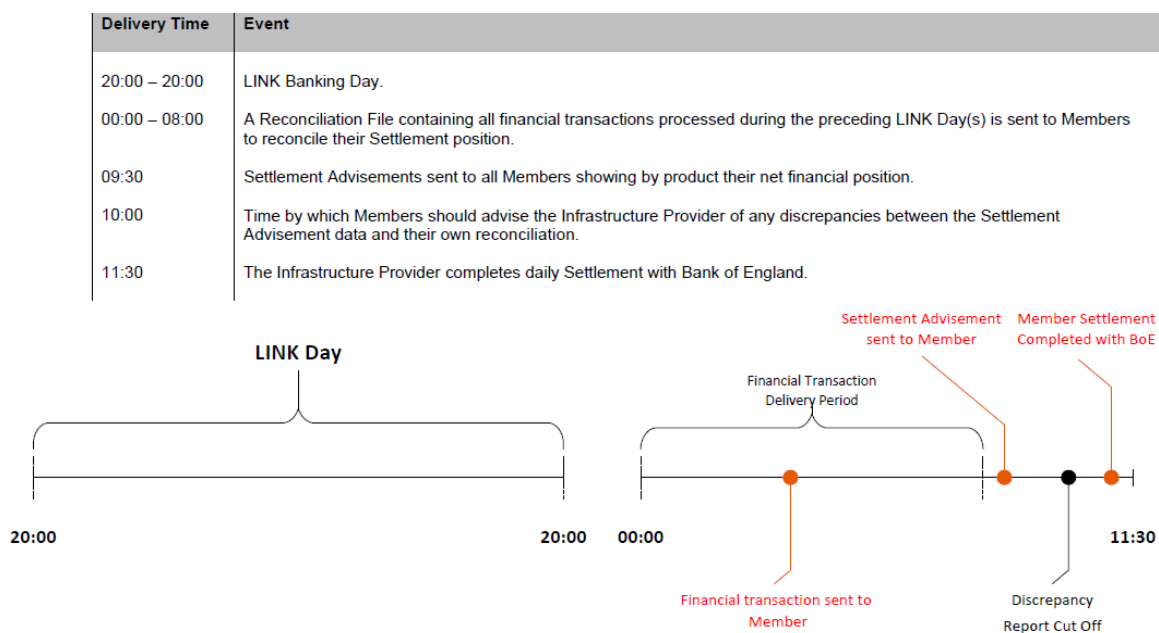


2. The Acquirer sends relevant cardholder information together with the transaction request to the LINK Network;
3. The LINK Switch reads the information, undertakes basic checks, and forwards an authorisation request to the customer's bank or building society (the Issuer);
4. The Issuer conducts a series of checks to validate the request before returning a response, either providing approval for, or declining, the requested transaction;
5. The LINK Switch receives the response and relays it to the cash machine operator (the Acquirer) who will then process the transaction or indicate that it has been declined.

The funds for each approved cash withdrawal are paid by the Issuer to the respective Acquirers through the LINK Settlement process. The LINK Settlement process runs each English Banking Day.

3.4.3 LINK Settlement

An overview of the LINK Settlement process is as follows:



LINK transactions can take place at any time of the day or night; therefore, a LINK day runs over 24 hours - from 8pm on any given day to 8pm on the following day. All LINK transactions that are processed during the LINK day are then netted off for settlement purposes resulting one settlement position per Network Member.

Overnight, Network Members are sent a record of their individual settlement positions by the infrastructure provider, so that they can reconcile this with their own internal records. Any discrepancies need to be notified to the infrastructure provider so that these can be investigated and resolved prior to settlement taking place.

Settlement of monies owed to and from Network Members takes place at the Bank of England using the Bank's Real Time Gross Settlement System shortly before 11.00am on the banking day following the close of the LINK day. In the case of weekends and Bank



Holidays, positions accumulated over preceding LINK days are amalgamated and are settled on the first banking day following the weekend or Bank Holiday.

Interchange fees due in respect of LINK transactions are calculated by the infrastructure provider on the first working day of the month and settled on the second working day of the month.

3.4.4 LINK Participants

There are several different participants in the LINK, fulfilling a variety of different roles:

Link Scheme Holdings Ltd – The Operator of the LINK Payment Systems as set out in the Financial Services (Banking Reform) Act 2013.

LINK Scheme Executive – The LINK Scheme Executive is accountable to the Board and is responsible for the day-to-day running of LINK and managing LINK from a strategic perspective. The role of the Scheme Executive includes overseeing the performance of service providers, ensuring that they meet their contractual obligations towards LINK, administering Scheme membership and overseeing Network Members, ensuring that they are operating in accordance with the Scheme Rules.

Infrastructure Provider – The infrastructure which enables LINK is provided by an outsourced service provider, currently Vocalink. It is responsible for ensuring that the infrastructure is operated in accordance with the Switching Settlement Agreement, maintaining a high level of operational availability and resilience as set out in the Service Level Agreement.

Issuers – The banks and building societies that issue LINK-enabled cards to their customers. They are responsible for ensuring that they comply with the Scheme Rules, thereby contributing to the ongoing security and resilience of the network, and for ensuring that Settlement is funded.

Acquirers – The banks, building societies and IADs who operate the cash machines that make up the Network. They are responsible for ensuring that the machines they operate are run efficiently and securely and that they are regularly replenished with cash, operating in accordance with the Scheme Rules, thereby contributing to the ongoing security and resilience of the Network.

Certified Service Bureaux (CSB) – Network Members (both Issuers and Acquirers) can choose to connect directly with the network or through a third party CSB. The CSB is responsible for ensuring that it operates in accordance with the Scheme Rules and that the Network Member(s) that it operates on behalf of remain connected to the network and do so in a secure and reliable manner.

Bank of England – The Bank of England, through its Real Time Gross Settlement System, provides the system through which settlement of LINK Settlement takes place.

Customers – Customers of the banks and building societies who issue LINK-enabled cards. Their responsibilities extend to keeping their cards and PIN details secure, thereby contributing to the secure operation of the Network, and protecting it from fraudulent activity.



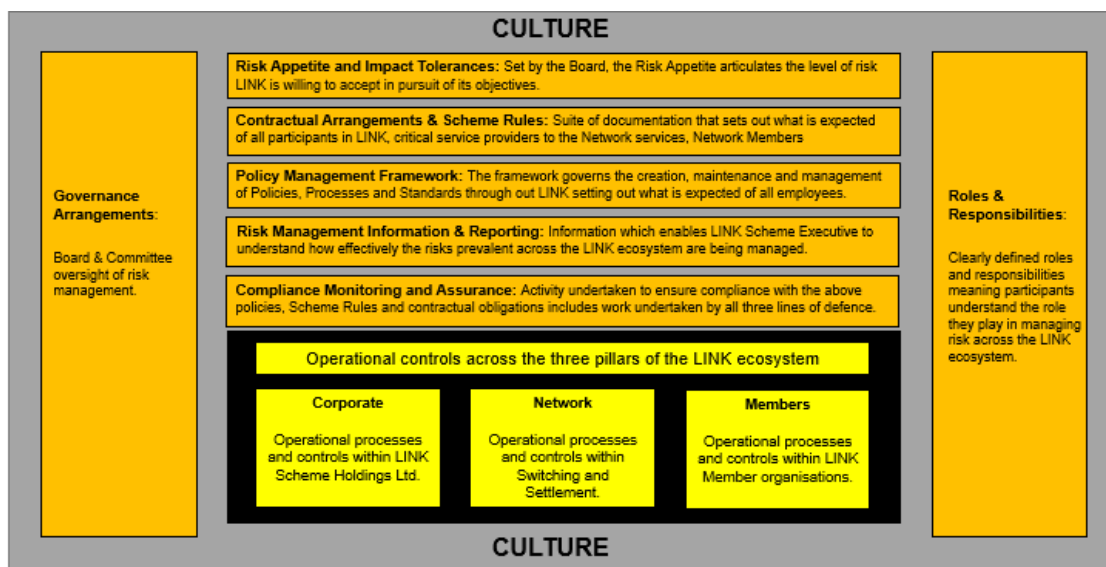
3.4.5 Framework for the Comprehensive Management of Risks

Having an effective framework for identifying and managing the risks facing LINK is a fundamental enabler to LSHL being able to meet its objectives and to deliver against its regulatory obligations as a systemic risk manager.

LSHL’s approach to managing risk is multi-dimensional, with a number of component parts making up the ERMF. It is only through each of these component parts working together that we effectively manage the risks that LINK faces.

LINK has defined Risk Appetites within which it aims to operate, set by the Board. It articulates the level of risk that LINK is willing to accept in achieving its objectives and managing the different types of risk that it faces. LINK’s Risk Appetites consists of several Outcome Statements, which set out LINK’s attitude to risk in relation to achieving its overarching objectives, and a series of Risk Statements which set out LINK’s appetite in relation to the different categories of risk, it faces.

In defining Risk Appetite, the LINK Board has set out both appetites and tolerances. Appetites define the parameters within which the business expects to operate, recognising that from time to time performance may slip outside of appetite. Controls are in place to manage risk such that the business is ordinarily operating within the appetites set. Tolerances define the limit of the Board’s appetite and the outcomes for which the Board has no tolerance. Controls are designed and implemented such that they prevent these outcomes occurring.



4 Principle by Principle Summary Narrative Disclosure

1. Legal basis

An FMI should have a well-founded, clear, transparent, and enforceable legal basis for each material aspect of its activities in all relevant jurisdictions.



LINK is a UK-based company with its Headquarters in North Yorkshire. Its business activities, Contracts and Scheme Rules are all governed by English and Welsh law.

The requirements to become, and remain a Network Member of LINK, are based on a clear, transparent, and enforceable legal basis for its operation of the LINK Scheme.

All documents have been prepared with the support of external independent legal advice. As a result of the enhancements made to LINK's governance of the Network, LINK now prohibits any overseas ATMs connecting to the Network.

2. Governance

An FMI should have governance arrangements that are clear and transparent, promote the safety and efficiency of the FMI, and support the stability of the broader financial system, other relevant public interest considerations, and the objectives of relevant stakeholders.

LINK currently has 34 Network Member consisting of banks, building societies and independent ATM deployers, who issue card and/or operate ATMs. LINK has in place clearly defined governance arrangements, as set out in the Articles of Association, Members Agreement and Switching and Settlement Agreement which govern the participation of Network Members, and other contractual arrangements in place between LINK, Network Members, and parties who provide services to LINK.

The Board is ultimately responsible for overseeing the running of LINK, making decisions, and ensuring that effective governance arrangements are in place. The Board is made up of a Non-Executive Chair, six Independent Non-Executive Directors and the Chief Executive. Details of the Board members' backgrounds and experiences are published on the LINK website, as are redacted minutes of Board meetings.

In addition to the Board, LINK operates the following Board sub committees: Audit Committee; Risk Committee; and Remuneration and Nominations Committee. Each Committee has delegated responsibility for overseeing specific aspects of its operations. The responsibilities of each Committee are set out in Terms of Reference which are reviewed annually by the Board.

Recognising the importance of LINK's role in providing consumers with access to cash, the Board is supported by a well-established Consumer Council, comprising of representatives from Network Members and independent consumer representatives. The Consumer Council provides independent advice to the Board on consumer issues. LINK operates a three lines of defence risk governance model consisting of first line management, responsible for the day-to-day operations of LINK; a second line independent risk management team, responsible for providing independent advice and challenge to the business on the effective management of risk; and internal audit, the third line of defence.

The coronavirus crisis has expedited the reduction in cash usage, and the LINK Board has carefully considered the impact on the LINK Strategic Plan as a result of this acceleration.



3. Framework for the comprehensive management of risks

An FMI should have a sound risk-management framework for comprehensively managing legal, credit, liquidity, operational, and other risks.

LINK has in place a mature risk management framework for comprehensively managing risk through a robust three lines of defence governance model.

The risk management framework includes policies, processes, procedures, and systems that enable LINK to identify, measure, monitor and effectively manage the range of risks that arise in or are borne by the LINK Scheme.

LINK's management of risk is outlined in its Enterprise Risk Management Framework (ERMF) which documents how the Board and Senior Management Team are ultimately responsible for managing the level of aggregate risk tolerance and capacity for LINK.

4. Credit risk

An FMI should effectively measure, monitor, and manage its credit exposures to participants and those arising from its payment, clearing, and settlement processes. An FMI should maintain sufficient financial resources to cover its credit exposure to each participant fully with a high degree of confidence.

Credit risk arises between individual Network Members due to settlement taking place on the day after a LINK transaction takes place.

A robust framework is in place to manage settlement and the associated credit risk between Network Members as set out in the Switching and Settlement Agreement.

LINK makes use of a Liability Management tool which monitors outstanding settlement positions real-time and issues alerts (issued by the infrastructure provider to the Scheme Executive) when pre-agreed exposure thresholds are reached. This enables LINK to alert individual Network Members so that they can investigate any abnormally high credit exposures that are emerging and for any such situation to be monitored closely.

LINK carries a low level of credit risk, as settlement obligations arise between Network Members on a bilateral basis, meaning LINK itself has no credit exposure. LINK requires every Network Member to settle its net indebtedness for transaction values with cleared funds on the first banking day following the day of the transaction.

LINK's business strategy is aligned with clearly defined Risk Appetite and Impact Tolerance statements, including in respect of credit and liquidity risk.

LINK has in place a range of tools to mitigate and manage these risks. Examples of these tools are LINK's Enterprise Risk Management Framework "ERMF" which enables it to identify and manage the risks it faces.



<p>LINK's Risk Taxonomy identifies key categories of risk faced by LINK which are captured where appropriate within the risk register.</p> <p>LINK also has robust processes in place to manage any exposures to participants and those that can arise from its payment and settlement processes.</p> <p>In addition, LINK maintains capital and reserves in the form of liquid assets, equal to 50% of annual forecast operating expenditure, to ensure a recovery or orderly wind down of LINK's critical operations and services if a wind down event, as identified in LINK's Recovery and Wind Down Plan, occurs.</p>
<p>5. Collateral</p> <p><i>An FMI that requires collateral to manage its or its participants' credit exposure should accept collateral with low credit, liquidity, and market risks. An FMI should also set and enforce appropriately conservative haircuts and concentration limits.</i></p>
<p>The Board is satisfied that systemic risk (in terms of the potential for Settlement or Network Member failure to lead to other Network Members not being able to fulfil obligations) is sufficiently limited given the nature of the LINK payment system.</p>
<p>6. Margin</p>
<p>N/A</p>
<p>7. Liquidity risk</p> <p><i>An FMI should effectively measure, monitor, and manage its liquidity risk. An FMI should maintain sufficient liquid resources in all relevant currencies to effect same-day and, where appropriate, intraday and multiday settlement of payment obligations with a high degree of confidence under a wide range of potential stress scenarios that should include, but not be limited to, the default of the participant and its affiliates that would generate the largest aggregate liquidity obligation for the FMI in extreme but plausible market conditions.</i></p>
<p>LINK does not guarantee Settlement in the event of Network Member default.</p> <p>Network Members are informed of their Settlement position in advance of Settlement being completed at the Bank and are required to fund Settlement through accounts held at the Bank.</p> <p>LINK makes use of a Liability Manager tool that monitors real-time liability positions of Network Members and issues automatic alerts when pre-agreed exposure thresholds are reached.</p> <p>LINK has processes which include a playbook of stress test scenarios to ensure it is monitoring and managing the liquidity risk across the eco-system.</p>
<p>8. Settlement finality</p> <p><i>An FMI should provide clear and certain final settlement, at a minimum by the end of the value date. Where necessary or preferable, an FMI should provide final settlement intraday or in real time.</i></p>



<p>LINK has clear final settlement rules, outlined within the Scheme Rules.</p> <p>The Issuer is bound under the Members Agreement and the Switching and Settlement Agreement to settle its indebtedness to the Acquirer.</p> <p>The Issuer pays the Acquirer via Settlement and debits its individual cardholder's account in respect of the completed transaction.</p>
<p>9. Money settlements</p> <p><i>An FMI should conduct its money settlements in central bank money where practical and available. If central bank money is not used, an FMI should minimise and strictly control the credit and liquidity risk arising from the use of commercial bank money.</i></p>
<p>LINK Settlement takes place using the Bank's Real Time Gross Settlement (RTGS) system in Sterling.</p> <p>Settlement takes place using the Bank's RTGS system on the Banking Day following the LINK Day when transactions took place. All Network Members are required to either hold a RTGS clearing account, for the purposes of processing Settlement, or are required to enter into an agreement with another Network Member that does have such an account, thereby giving them access to a RTGS account.</p> <p>Settlement is made between individual Network Members based on the Settlement figures provided by the Infrastructure Provider and confirmed by the Network Members. This is not conducted on the books of LINK.</p> <p>LINK Settlement is in Sterling.</p>
<p>10. Physical Deliveries</p>
<p>N/A</p>
<p>11. Central Security Depositories</p>
<p>N/A</p>
<p>12. Linked Obligations</p>
<p>N/A</p>
<p>13. Participant-default rules and procedures</p> <p><i>An FMI should have effective and clearly defined rules and procedures to manage a participant default. These rules and procedures should be designed to ensure that the FMI can take timely action to contain losses and liquidity pressures and continue to meet its obligations.</i></p>
<p>LINK has documented its Default Plan and testing processes to further strengthen its Network Member oversight.</p> <p>The process clearly articulates actions in the event of a Network Member default. These processes are designed to ensure that LINK takes timely action, along with</p>



<p>the Bank of England, to contain any losses or liquidity pressures from its Network Members.</p>
<p>14. Segregation and Portability</p>
<p>N/A</p>
<p>15. General business risk <i>An FMI should identify, monitor, and manage its general business risk and hold sufficient liquid net assets funded by equity to cover potential general business losses so that it can continue operations and services as a going concern if those losses materialise. Further, liquid net assets should at all times be sufficient to ensure a recovery or orderly wind-down of critical operations and services.</i></p>
<p>LINK's approach to risk is set out in its ERMF which is approved by the Board. This articulates LINK's approach to managing all risks, including general business risk.</p> <p>LINK finances are managed on an ongoing basis and are reviewed each month by the Board.</p> <p>LINK holds cash reserves equivalent to 50% of annual operating costs to cover any unexpected operating expenses. These are held in cash, deposited with one or more UK regulated banks. LINK is funded by its Network Members in accordance with Rules set out in the Members Agreement. These include provision for raising additional funding outside of the normal funding cycle, should there be a requirement to do so.</p> <p>LINK has in place a Recovery and Wind Down Plan, which includes detailed financial recovery planning and enhances operational resilience across the LINK ecosystem.</p>
<p>16. Custody and investment risks <i>An FMI should safeguard its own and its participants' assets and minimise the risk of loss on and delay in access to these assets. An FMI's investments should be in instruments with minimal credit, market, and liquidity risks.</i></p>
<p>LINK assets are held within two regulated UK banks to minimise the risk of loss of and delay in access to its assets.</p>
<p>17. Operational risk <i>An FMI should identify the plausible sources of operational risk, both internal and external, and mitigate their impact through the use of appropriate systems, policies, procedures, and controls. Systems should be designed to ensure a high degree of security and operational reliability and should have adequate, scalable capacity. Business continuity management should aim for timely recovery of operations and fulfilment of the FMI's obligations, including in the event of a wide-scale or major disruption.</i></p>
<p>LINK's approach to risk is set out in its ERMF which is approved by the Board. This articulates LINK's approach to managing all risks, including operational risk.</p> <p>Given LINK's principal objective is to provide UK consumers with access to cash, resilience and service continuity is of paramount importance. The ERMF has been</p>



designed to ensure a high degree of security and operational resilience across all aspects LINK, including its Network Members, and its Critical Service Providers.

Risks, including all operational risks, are captured in a risk register. The risk register details the nature of the risk and controls that are in place to mitigate the impact, should the risk materialise, together with any further action that needs to be taken to reduce the risk further. The risk register is updated regularly to reflect any new and emerging risks, with key risks reported in detail at the quarterly Risk Committee.

LINK monitors the performance of its Infrastructure Provider through regular receipt of information on the operational performance of the service, and through a series of governance meetings with the provider to monitor and discuss performance.

LINK, in cooperation with the Infrastructure Provider, reviews network capacity regularly. Currently, the Scheme has considerable excess capacity and has already been proven resilient and able to process greatly increased transaction volumes.

Additionally, LINK seeks annual assurances on the effectiveness of the infrastructure provider's control framework, including the adequacy of its physical and information security arrangements. In the event of an operational failure, LINK has Business Continuity and Disaster Recovery plans in place covering all aspects of the Scheme's operations. These plans detail how it will ensure a timely recovery of operations and fulfil its objective of continuing to provide consumers with access to their cash, and make provision for recovery in the event of a widescale or major disruption.

Network Members are subject to an annual self-assessment whereby they are required to provide details of their operational controls; confirms their compliance with Scheme Rules; and focuses on identification and management of risks. The information provided by Network Members is then validated by LINK through follow up checking of returns and engagement with individual Network Members as necessary. Information security forms a key part of the assessment process.

18. Access and participation requirements

An FMI should have objective, risk-based, and publicly disclosed criteria for participation, which permit fair and open access.

LINK promotes fair and open access to its participants. The membership of the Scheme is open to any organisation that meets the criteria set out in the Operating Rules. LINK continuously improves its Rules in line with the market it serves, to help control the risks to which it is exposed by its participants. LINK reviews and strengthens the applicable key areas within the Rules to ensure they are based upon reasonable risk related requirements, in line with LINK's business model.

19. Tiered participation arrangements

N/A

20. FMI Links



N/A
<p>21. Efficiency and effectiveness An FMI should be efficient and effective in meeting the requirements of its participants and the markets it serves.</p>
<p>LINK maintains an efficient and effective service to meet the needs of its Network Members and the consumers they serve. Since before the introduction of Specific Direction 8, LINK has been working alongside the PSR to ensure its ongoing availability of free-to-use ATMs for UK consumers.</p> <p>As well as satisfying the PSR on the core requirements of SD8, LINK's commitments extend beyond those requirements to ensure that the ATM network remains effective across the UK.</p> <p>LINK is now introducing additional measures to maintain resilience within the cash machine network.</p>
<p>22. Communication procedures and standards An FMI should use, or at a minimum accommodate, relevant internationally accepted communication procedures and standards in order to facilitate efficient payment, clearing, settlement, and recording.</p>
<p>LINK supports international telecoms standards. The LINK messaging standard is based on the international ISO 8583 standard for financial transaction card originated interchange messaging.</p>
<p>23. Disclosure of rules, key procedures and market data. An FMI should have clear and comprehensive rules and procedures and should provide sufficient information to enable participants to have an accurate understanding of the risks, fees, and other material costs they incur by participating in the FMI. All relevant rules and key procedures should be publicly disclosed.</p>
<p>LINK has completed a review of information published on its website concluded that there are no further disclosures required.</p> <p>LINK's membership criteria are publicly available and can be viewed on the LINK website at www.link.co.uk/membership/joining/.</p> <p>On completion of an appropriate NDA, information is made available to enable prospective Members to have a full understanding of the different categories of LINK membership; requirements of them under the membership criteria; fees; and other costs associated with joining LINK.</p> <p>Upon joining the LINK, the Members Agreement and Switching and Settlement Agreements together with their respective Appendices and Schedules form the Rules and Procedures that Network Members must adhere to.</p> <p>Scheme Rules are fully disclosed to existing Network Members. These documents are available 24/7 to Network Members and reissued as and when changes are made.</p>
<p>23. Disclosure of Market Data by Trade Repositories</p>



N/A

5 List of Publicly Available Resources

In addition to the information contained within this document, all publicly available resources can be found on our website: www.link.co.uk.