

LINK Scheme Membership Structure

Categories of Membership

There are five categories:

1) General Members

General Network Members are those who designate for sharing in the LINK Network both: (a) a Card Base; and (b) ATMs and/or Counter Terminals.

2) General Acquirer Members

General Acquirer Members are those that participate in the LINK Network through the provision of ATMs and Counter Terminals but do not issue LINK Cards.

3) Card Issuer Only Members (CIOMs)

- a) 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 and, as required by these Operating Rules, Counter Terminals but do not install or connect to the LINK Network ATMs or Counter Terminals.
- b) While they may also designate a number of ATMs and/or Counter Terminals 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 these Operating Rules, and then in effect, as qualification for General Member status (this is currently 1 ATM).

4) 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 or connect Counter Terminals to the LINK Network.

5) Counter Terminal Only Members (CTOM)

CTOMs are those Network Members who participate in the LINK Network through the provision of Counter Terminals but who do not issue LINK cards or connect ATMs to the LINK Network.

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) All Prospective Network Members

- (a) 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;
- (b) Network Members of the LINK Scheme must confirm their acceptance of, and compliance with all relevant regulatory requirements as they relate to ATMs, Counter Terminals, the use of cards in ATMs and at Counter Terminals.
- (c) Network Members must be of appropriate integrity and business reputation.
- (d) Network Members must conform to the Operating Manual 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.
- (e) Each prospective Network Member shall complete an application in a form satisfactory to SchemeCo and provide SchemeCo with such information and documentation as SchemeCo may request as part of the application process and for the purposes of that process.

(2) Prospective Issuer Members

In addition to other applicable criteria, prospective Issuer Members must also meet the following criteria:

- (a) Issue cards for use in ATMs and, as required in accordance with the Operating Rules, Counter Terminals connected to the LINK Network, but there is no obligation for Network Members to install ATMs or Counter Terminals;
- (b) Issue cards shall be regulated by an appropriate body acceptable to Scheme Executive and the Bank of England;

- (c) 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;

(3) Prospective General Members, General Acquirer Members, IAD Members and Counter Terminal Members

In addition to other applicable criteria, prospective General Members, General Acquirer Members, IAD Members and Counter Terminal Members must also meet the following criteria:

- (a) Be incorporated in, and carry out, business in the EU;
- (b) Be capable of performing the functions, obligations and responsibilities in, and in accordance with, the Operating Manual.
- (c) 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.

(4) Prospective Counter Terminal Only Members, General Members and General Acquirer Members that wish to connect Counter Terminals to the LINK Network

In addition to other applicable criteria, prospective Counter Terminal Only Members, General Members and General Acquirer Members that wish to connect Counter Terminals to the LINK Network must also meet the following criteria:

- (a) CTOMs must be approved in by SchemeCo as a Counter Terminal Deployer.

(5) Business Case

Prospective Network Members 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 and/or Counter Terminals 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.