



[DATE]

T 020 3217 .....  
[email contact]

[ADDRESSEE]

Dear [ADDRESSEE]

## APPOINTMENT OF INDEPENDENT CHAIRMAN

Following your acceptance of our offer of appointment as Independent Chairman of Faster Payments Scheme Limited we are writing to confirm the terms of your appointment as Independent Chairman ("**Independent Chairman**") of Faster Payments Scheme Limited ("**Scheme**") with effect from [DATE]. Your role and any obligations on you as an Independent Director of a company limited by guarantee shall also be effective from [DATE]. As such, we confirm the full terms of your appointment ("**Terms**") pursuant to the Scheme Memorandum and Articles of Association ("**Articles**").

### 1. Roles and Duties

1.1 The Chairman is responsible for leadership of the Board of Directors ("Board") and ensuring its effectiveness on all aspects of its role.

1.2 Additionally, as one of two Independent Directors on the Board you are charged with safeguarding the Public Interest. Specifically, you, in agreement with the Independent Director(s) on the Scheme Board have the ability to vote against any Board resolution proposed concerning the Public Interest. Public interest for the purpose of this role is defined in the Scheme Articles as: "*a matter concerning Faster Payments Scheme Limited, the Scheme and/or the payments industry for the long term benefit of the UK, its citizens and businesses as a whole, with particular emphasis on the customer needs, competition, and innovation, reducing barriers to entry in the payments industry and limiting systemic risk (in accordance with the Scheme Articles).*"

1.3 The Independent Chairman is expected to exercise objective, independent judgment after fair consideration of all relevant information and views and without undue influence from executives/management or from inappropriate external parties or interests.

1.4 You should be aware that the Scheme Articles place continuing requirements on the role of the Independent Directors. Unless determined otherwise the following situations will be presumed to preclude an Independent Directors Independence:



- i. the Director has been an employee of the Company, a Payment Scheme, Payment Scheme Affiliate or a Payments Council Limited Member within the last two years;
- ii. the Director has, or has had within the last two years, a material business relationship with the Company, any Payment Scheme or Payment Scheme Affiliate either directly, or as a partner, shareholder, director, senior employee or consultant;
- iii. the Director receives or has received within the last two years additional remuneration from the Company, a Payment Scheme or Payment Scheme Affiliate, or participates in any share option or performance-related pay scheme of the Company or any Payment Scheme or Payment Scheme Affiliate;
- iv. the Director has close family ties with the advisers, Directors or senior employees of the Company or of any Faster Payments Affiliate;
- v. the Director is a director of any Payment Scheme or Card Scheme, or has significant links with directors of any Payment Scheme or Card Scheme, either directly or through involvement in other companies or bodies;
- vi. the Director represents a Member or is a director of any Payment Scheme Affiliate; or
- vii. the Director has served on the board of the Company for more than six years from the date of their first election.

1.5 In addition to having the same general responsibilities to the Scheme as any other Director of the Board, your role as the Chairman will also include the following key activities and responsibilities:

- i. Setting the Board's agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;
- ii. Ensure compliance with the Scheme governing documents including the Articles, any Rules and other documents.
- iii. Formally engage with the Payments Council Senior Executive and Payments Council Board at least annually to discuss, develop and align the strategy of the Scheme Board in co-ordination with the Scheme;
- iv. Ensure the Scheme meets any formal expectation requirements as set by the Bank of England;
- v. Ensure that all decisions of the Scheme that constitute or touch on Reserved Matters as outlined in the Scheme Agreement with the Payments Council are only approved after appropriate consultation within the Scheme and with the Payments Council has been concluded;
- vi. Promote a culture of openness and debate by facilitating the effective contribution of Independent non-Executive Directors in particular and ensuring constructive relations between Executive Directors, Member Directors and Independent Directors.
- vii. In conjunction with Scheme Management, ensuring that the Directors receive accurate, timely and clear information. The Independent Chairman should ensure effective communication with any Members not represented on the Board.
- viii. Ensure the opportunity exists to meet with the Member Directors and Members without the executives present.
- ix. Ensure that the Directors continually update their skills and the knowledge and familiarity with the Scheme required, fulfilling their role on the Board and on any Board committees. The Scheme should provide the necessary resources for developing and updating its Directors' knowledge and capabilities.



- x. In conjunction with Company Management, ensure that any new Directors receive a full, formal and tailored induction on joining the Board and that this training be maintained as required moving forward.
- xi. Act as necessary on the results arising from the Scheme's effectiveness regime.
- xii. Confirm to the Membership when proposing re-election of Independent Directors that, following formal performance evaluation, the individual's performance continues to be effective and to demonstrate commitment to the role.

1.6 In carrying out your role as Independent Chairman, you will be responsible to the Board and the Scheme Members.

1.7 Because of legal requirements relating to the disclosure of price or market sensitive information, you should avoid making any statements (in public or in private) that might risk a breach of these requirements without prior approval from the Board or the Scheme Board Secretariat.

## 2. Time Commitment

2.1 In order to discharge your specific functions and duties outlined in this letter, you will be expected to:

- I. Attend Scheme and Company meetings at the Scheme's head office at 2 Thomas More, London E1W 1YN or such other place and on dates to be notified to you in advance. It is anticipated that there will be a minimum of four Board meetings per year, with the potential for one of these to form the Board's annual away day;
- II. Attend any general meetings (if required) or emergency Board meetings which may be called from time to time;
- III. To serve on such committees of the Board as may be required from time to time;
- IV. To carry out such other functions and duties as may be reasonably required of you in your role as Chairman from time to time.

2.2 By accepting this appointment, you have confirmed that you are able to allocate sufficient time to meet the expectations of your role. It is anticipated that the role will require 2-3 days of your time per month. This is intended to include appropriate preparation time ahead of Scheme and other meetings. In line with best practice, the Scheme will review at least annually the minimum number of days required for the proper discharge of your duties.

2.3 If you are required to serve on one of the Board Committees (including the Appointments Committee) as referred to in paragraph 2.1(III) above, this will be notified to you separately with details.

## 3. Term

3.1 Your appointment will be for a fixed term of 36 months ending on **[DATE]**, on the expiration of which period your appointment will be open to renewal by mutual agreement between us. Either you or the



Scheme can terminate the appointment at any time (including for the avoidance of doubt during the fixed term) by giving to the other 3 months' written notice of termination.

3.2 Your appointment as the Chairman of Faster Payments Scheme Limited will automatically terminate if, at any time: (a) you are removed from office by a resolution of the Board or the Members, (b) you resign, either for your own reasons or at the request of the Board (c) either you or the Scheme terminate this appointment by giving not less than 3 months' notice in writing or if your office is vacated for any of the reasons in 3.3 (d) – (j) below.

3.3 Your office as the Chairman of the Scheme shall be immediately vacated:

(d) if you cease to be a director by virtue of any provision of the Companies Act 2006 (as amended or updated from time to time), if you are removed from office pursuant to the Articles or if you become prohibited by law from acting as a director;

(e) if you resign in writing or if you offer to resign and such resignation shall take effect pursuant to the Articles;

(f) if you are absent, without prior agreement of the Board from two consecutive Board meetings, and the Board resolves your office be vacated;

(g) if you are unable to perform your duties to the reasonable satisfaction of the Board;

(h) if you shall be in breach of any of the terms set out in this letter which in case of a breach capable of remedy is not remedied by you within 21 days of receipt by you of a notice from the Scheme specifying the breach and requiring its remedy;

(i) if you have committed a material breach of your obligations under this letter;

(j) if you have committed any serious or repeated breach or non-observance of your obligations to the Scheme (which include an obligation not to breach your statutory, fiduciary or common-law duties);

(k) if you have been guilty of fraud or dishonesty or acted in a manner which, in the Scheme's opinion, brings or is likely to bring you or the Scheme into disrepute or is materially adverse to the Scheme's interests;

(l) if you have been convicted of an arrestable criminal offence;

(m) by reason of mental incapacity, more particularly described in the Articles;

(n) if you have been declared bankrupt or have made an arrangement with or for the benefit of your creditors, or if you have a county court administration order made against you under the County Court Act 1984; or

(o) if you have been disqualified as a director.

For the avoidance of doubt in all such cases, you will not be entitled to receive any compensation.



#### 4. Fees and Expenses

4.1 In consideration for the performance of the duties outlined above, you will be entitled to a fee of **[FEE]** per annum, payable monthly in arrears. Such fee will be reviewed by the Scheme annually, with the first review taking place on the anniversary of your appointment.

4.2 Notwithstanding that this is a contract for services and is not a contract of employment, you will be paid your fees subject to deductions for income tax and national insurance. Therefore, you hereby authorise the Scheme to effect deductions from any fee accrued and due hereunder (whether or not actually paid during the period of appointment) any tax or social security contributions which the Scheme is obligated to deduct in respect of such fee.

4.3 Your appointment will not be pensionable, nor will you participate in any of the Scheme's incentive schemes, nor insured benefits for the benefit of employees which may be in place from time to time. Upon ceasing to be Independent Chairman, you shall not be entitled to receive any payment or other benefit by way of compensation for loss of office, damages or otherwise except accrued Independent Chairman fees for past services and the reimbursement of expenses as provided in this letter.

4.4 In addition to your fees, you are entitled to be reimbursed any reasonable expenses incurred in attending or returning from Scheme meetings or otherwise in or about the business of the Scheme. The Scheme may require written evidence of such expenses to be provided where possible.

#### 5. Compliance, Conflicts and Independence

5.1 You agree that you will at all times diligently perform your duties and use your best endeavours to promote, protect, develop and extend the business of the Scheme.

5.2 If you become aware of any wrongdoing or proposed wrongdoing by you and/or any other member of the Scheme, you shall immediately report that fact and provide all assistance and information to the Scheme Managing Director in the first instance.

5.3 You have already disclosed to the Board the significant commitments you have outside your role in the Scheme. You must inform the Managing Director in advance of any changes to these commitments. In certain circumstances, you may have to seek the Board's agreement before accepting further commitments which either might give rise to a conflict of interest or a conflict with any of your duties to the Scheme, or which might impact on the time that you are able to devote to your role at the Scheme.

5.4 In the course of your appointment and in the performance of your duties you will have access to and be entrusted with information ("**Confidential Information**") which:

(a) contains or consists of material of a technical, operational, administrative, economic, marketing, planning, business or financial nature or intellectual property of any kind and relates to the Scheme, and its members; or

(b) identifies or relates to the customers or suppliers of the Scheme or Members of the Scheme or their affairs, and which is not within the public domain (other than through your unauthorised disclosure).



5.5 You acknowledge that all Confidential Information acquired during your appointment is confidential to the Scheme and should not be released, communicated or disclosed to third parties or used for any reason other than in the interests of the Scheme, either during your appointment or following termination (by whatever means), without prior clearance from the Board and/or the Scheme Managing Director. This restriction shall cease to apply to any confidential information which may (other than by reason of your breach) become available to the public generally.

5.6 You will at all times during and after termination of your appointment use Confidential Information for the purpose only of the proper discharge of your duties and you agree, at all times to act in accordance with and adhere to any confidentiality policy and any competition guidelines of the Scheme which may be in place from time to time.

5.7 You agree at all times to use any Confidential Information in good faith, for proper purposes and only as it is necessary to do so to achieve the objectives of the Scheme. You acknowledge the need to hold and retain Scheme information (in whatever format you may receive it) under appropriately secure conditions.

5.8 At the determination of your appointment you will surrender and deliver up to the Scheme all Confidential Information you possess, and at the election of the Scheme, expunge all Confidential Information from any computer or similar device into which it was programmed and destroy all notes or memoranda containing Confidential Information in your possession or control.

5.9 Nothing in this letter shall prevent you from disclosing information which you are entitled to disclose under the Public Interest Disclosure Act 1998, provided that the disclosure is made in accordance with the provisions of that Act and the Scheme's whistleblowing policy.

5.10 Further obligations will include:

- i. Contribute to and share responsibility for the Boards decisions;
- ii. Declaring any relevant or potential conflict of interests to the Board's secretariat who will keep a record;
- iii. Respecting confidentiality of information and adhere to any policies therein;
- iv. Be mindful of competition law sensitivities faced by the Scheme and its members and adhere to any relevant policies and guidelines;
- v. Ensure that your interests (both private and personal) do not influence your decision making and that you do not use your position to obtain personal gain of any sort, other than your expenses and remuneration pursuant to your role as Independent Chairman;
- vi. Adhere and be bound by all Faster Payments Scheme Limited's and UK Payments Administration Limited's policies as appropriate and, where there are references to UK Payments Administration Limited in the policies, such obligations shall be read as being applicable as if they stated Faster Payments Scheme Limited.

## **6. Indemnity**

6.1 Subject to the provisions of the Companies Act 2006 (as amended from time to time), like every other director or other officer of the Scheme you will be indemnified out of the assets of the Scheme against all



costs, charges, expenses, losses or liabilities which you may sustain or incur in or about the proper execution of the duties of your office.

## **7. Insurance**

7.1 Directors' and officers' liability insurance is provided for all directors of the Scheme. The current insurance limit is £10 million. Further details of this insurance can be obtained from the Scheme Board Secretariat.

## **8. Data Protection**

8.1 You consent to the Scheme, and any service company or other person the Scheme may engage from time to time to act on its behalf, processing your personal data (including, where necessary, sensitive personal data) in relation to you, both inside and (if it is necessary or desirable for the Scheme to do so) outside the European Economic Area. The reasons for carrying out such processing are for the proper administration and management of your appointment as the Independent Chairman of the Scheme. Your personal data (including, where appropriate, sensitive personal data) may be passed to regulatory bodies, government agencies and other third parties as required by law or for administration purposes.

8.2 You agree to keep the Scheme informed of any changes to your personal data and to comply with all relevant data protection legislation.

## **9. Independent professional advice**

9.1 Occasions may arise when you consider that you need professional advice in the furtherance of your duties as the Independent Chairman of the Scheme. Circumstances may occur when it will be appropriate for you to seek advice from independent advisers at the Board's expense. The Scheme will reimburse the full cost of expenditure incurred in accordance with its normal policy. For the avoidance of doubt, such expense must be approved in advance by the Managing Director whose approval shall not be unreasonably withheld.

## **10. Scheme Articles**

10.1 Your appointment (and this contract for services) is subject to the Scheme Articles as may be amended from time to time. Nothing in this letter shall be taken to exclude or vary the terms of the Articles as they apply to you as Independent Chairman of the Scheme.

10.2 We confirm that the appropriate filings and notifications in connection with your appointment will be made at Companies House Registry within the relevant time limits and the Board Secretary will provide you with a copy of the Scheme Articles and any other information as may be required.

## **11. Miscellaneous**

11.1 This letter records a contract for services and these arrangements between you and the Scheme are not a contract of employment.

11.2 The Contracts (Rights of Third Parties) Act 1999 shall not apply to this letter. No person other than you and the Scheme shall have any rights under this letter and the terms of this letter shall not be enforceable by any person other than you and the Scheme.



11.3 This letter shall be governed by and construed in accordance with English law and the English courts shall have exclusive jurisdiction for all matters arising under it.

11.4 This letter once signed by you, constitutes the entire agreement between you and the Scheme and you have not been induced to sign this letter in reliance on any other warranties or representations made other than those set out in this letter.

11.5 We look forward to working with you in the future. To accept this appointment on these terms please sign and return the enclosed duplicate of this letter.

Yours sincerely

.....

Craig Tillotson

Managing Director

For and on behalf of the Scheme

.....

(print name)

.....

(sign name)

Date: