

Bylaws of the Nordic Payments Council

1. Name and legal form

1.1 The Nordic Payments Council (“NPC”), is a Swedish non-profit organisation (in Swedish “Ideell förening”).

2. Offices

2.1 The NPC’s registered offices shall be located in Stockholm, Sweden.

3. Purpose

3.1 The purpose of the NPC is to decide on, own and manage Nordic payment schemes based upon, but not limited to, the Single Euro Payments Area (“SEPA”) payment schemes as well as to develop and manage additional schemes and rules in close dialogue with the scheme users, the national communities and if so decided by the Members. This should be done to contribute to safe, efficient, economically balanced and sustainable, convenient domestic and cross border multicurrency payments in communities using the Schemes. NPC shall ensure competitiveness and innovation as well as meet the users’ needs.

4. Definitions

4.1 In the present Bylaws, unless the context otherwise requires:

Board of Directors: is the group of Representatives of Founding Members appointed pursuant to section 11.2 and Independent Board Members elected pursuant to section 11.3 of the Bylaws responsible for the powers and tasks provided for under section 11.1 of the Bylaws.

Bylaws: means the present Bylaws as amended from time to time.

Chair: means the natural person elected in accordance with section 11.3.2 of the Bylaws.

Exclusion: an exclusion shall have the effect of terminating the NPC membership of the excluded Member. In addition, an exclusion will have the effect of simultaneously and automatically terminating the adherence agreements of all Schemes the Member has entered into.

General Assembly: means the NPC’s supreme decision-making body.

Founding Member: means a Member as defined in section 7.2.

Independent Board Member: means a Board Member who is not working for, not representing or affiliated with any of the Members.

Internal Rules of the NPC: means the NPC Scheme Management Internal Rules and such other rules as adopted, approved and/or modified by the General Assembly to complement the Bylaws.

Member: means “Founding Member” and “Scheme Member” collectively.

Nominating Committee: means the body providing recommendations to the General Assembly and the Board on nomination matters in accordance with section 15.

Non-Member Participants: means entities which are not Members in the NPC but has adhered to a Scheme based on having been approved as meeting the eligibility requirements for Non-Member Participation in accordance with section 6.2.

Observer Status: means a possible temporary membership status of a Founding Member, as described in section 7.3.

Representative: is the person nominated by a Member to represent the Member at the General Assembly and, as the case may be, at the Board in accordance with sections 10.6.7 and 11.2.

Scheme: a set of rules which have been agreed upon to execute interaction between Scheme Participants, e.g. payment transactions. In this context the NPC Credit Transfer Scheme, the NPC Instant Credit Transfer Scheme or such other payment or payment related schemes as the NPC may establish from time to time.

Scheme Management: denotes the maintenance, evolution, administration and compliance mechanisms in relation to a Scheme.

Scheme Management Committee (SMC): is the NPC body responsible for performing the functions of management and evolution of the Schemes.

Scheme Member: means a Member as defined in section 7.4.

Scheme Participant: means an entity that has adhered to a Scheme (either as a Scheme Member or as a Non-Member participant).

Scheme Usage: means share of transaction volumes in total for all Schemes the preceding year as established by the Board of Directors on the 15th of February each year.

Secretary General: means the natural person appointed in accordance with section 11.1.1 of the Bylaws as Head of the Secretariat and who is amongst others entrusted with the daily management of the NPC.

Secretariat: is the person or persons who provide administrative services to support the NPC, as set out in section 13 of the Bylaws.

Single Euro Payments Area (abbreviated: SEPA): for the purpose of the Bylaws, SEPA shall encompass the countries and territories which are part of the jurisdictional scope of the SEPA Schemes, as listed in the European Payments Council’s (“EPC’s”) List of SEPA Scheme Countries, as amended from time to time.

Suspension: means to temporarily exclude a Member from its rights to participate in the work of the NPC, without suspending such Member from participation in the Schemes it has adhered to.

Withdrawal: A withdrawal shall have the effect of terminating the NPC membership of the withdrawing Member. In addition, a withdrawal shall have the effect of simultaneously and automatically terminating the adherence agreement of all Scheme(s) the Member has adhered to. A withdrawal by a Member shall not have the effect of a mandatory dissolving of the NPC as described in section 18.

5. Structure of the NPC

- 5.1 The NPC consists of a General Assembly, a Board of Directors, a Secretariat (including a Secretary General), a Scheme Management Committee (“SMC”) and a Nomination Committee.
- 5.2 The General Assembly is composed of the Members as defined in section 7.1. It shall have the responsibilities as described further in these Bylaws. It shall be supported in its role by the Board of Directors, the Secretary General and the Secretariat.
- 5.3 The Board of Directors is appointed by and shall report to the General Assembly. The Board of Directors shall have all powers necessary to accomplish the purpose of the NPC. The Board of Directors shall prepare proposals on matters that are reserved for decision by the General Assembly.
- 5.4 The Board of Directors shall be supported by the Secretary General and can be supported by different kinds of working Groups, support Groups and task forces which the Board of Directors may establish and revoke from time to time.
- 5.5 The Secretariat shall have a Secretary General and staff for its operations. The Secretariat shall be responsible for handling the day-to-day operations of the NPC.
- 5.6 The SMC shall be responsible for the development and management of the Schemes.

6. Scheme Participation

- 6.1 Scheme Members and Non-Member Participants are eligible to participate in a Scheme.
- 6.2 The following entities are eligible to be Non-Member Participants: Payment Service Providers as defined in point 11 of article 4 of Directive 2015/2366 EU established in the SEPA that are:
 - states or their regional or local authorities when not acting in their capacity as public authorities.
 - the ECB and national central banks when not acting in their capacity as monetary authority or other public authorities

7. Membership

7.1 The NPC shall have two membership categories: Founding Members and Scheme Members.

7.2 Founding Members

The Founding Members of the NPC are:

- Swedish Bankers' Association ("Svenska Bankföreningen")
Blasieholmsgatan 4B
10394 Stockholm
Sweden
- Finance Denmark ("Finans Danmark")
Amaliegade 7
1256 København
Denmark
- Finance Finland ("Finanssiala")
Itämerenkatu 11–13
FI-00180 Helsinki
Finland
- Bits AS ("Bits")
Hansteens gt. 2,
0253 Oslo
Norway

7.3 Observer Status

7.3.1 A Founding Member can apply in writing to the Chair to have Observer Status. Observer Status can be approved for a limited time period of up to one (1) year.

7.3.2 A Founding Member with Observer Status may:

- (a) attend the General Assembly but shall not have any voting rights; and
- (b) attend Board meetings but shall not participate in the handling of any decision issues or have any voting rights.

7.3.3 A Founding Member with Observer Status may apply to prolong such status, be reinstated in an ordinary Founding Member status or give notice of withdrawal from the NPC. The application shall be submitted to the Chair no later than 60 days before the end of the previously approved Observer Status period. If no

such application is made, the Founding Member with Observer Status shall be seen as given notice of withdrawal.

7.4 **Scheme Members**

7.4.1 Scheme Members are entities that have been approved by the Board of Directors as meeting the membership requirements detailed in section 7.5.1.

7.5 **Membership Requirements**

7.5.1 Membership for Scheme Members is open to any legal entity which has been legally constituted and has the legal personality in accordance with the laws and practices of its country of origin and is:

- (a) a credit institution which is authorised in accordance with Article 8 (1) of Directive 2013/36/EU by a state which is a member of the European Economic Area; or
- (b) a payment institution which has been authorised under Article 11 of the Payment Services Directive, or any other payment service provider listed in Article 1.1 of the Payment Services Directive; or
- (c) an institution referred to in points (2) to (23) of Article 2 (5) of Directive (EU) 2013/36/EU, except for institutions which are eligible to be Non-Member Participants; or
- (d) an entity with authorisation equivalent to those referred to in (a), (b) or (c) above by an equivalent competent authority established in another country or territory included in the geographical scope of the SEPA.

7.5.2 An applicant for membership shall have the capacity to fulfil the membership obligations in section 7.6.

7.6 **Membership obligations**

7.6.1 Each Member shall act at all times in a manner compatible with the purpose of the NPC as set out in section 3 of the Bylaws, comply with the Bylaws, the Internal Rules of the NPC, the Schemes to which it is a Scheme Participant and/or any decision validly taken by the bodies of the NPC.

7.6.2 Scheme Members shall, in addition to what is stated in section 7.6.1,

- sign an adherence agreement for one or more Schemes within one (1) year from becoming a Scheme Member. If such Scheme is not complete at the end of the said one-year period, the Member shall instead be obliged to sign the adherence agreement within one (1) year from the Scheme completion; and
- contribute to the budget of the NPC, with such proportional membership fees and additional contributions as determined by the Board of Directors.

7.6.3 Each Member undertakes to notify the Board of Directors immediately of becoming aware of any of the following events:

- the Member ceases to satisfy the membership requirements specified above in section 7.5 of the Bylaws; or
- the Member is in a situation of bankruptcy, judicial reorganisation, dissolution or liquidation or is subject to insolvency proceedings of a similar nature under the laws of any jurisdiction.

7.7 **Withdrawal**

7.7.1 Any Member is entitled to Withdraw from the NPC at any time by written notice with acknowledgment of receipt to the Chair of the Board with a copy to the Secretary General via similar means indicating a future date, minimum six (6) months from such notice, for Withdrawal. Once a Member has declared its Withdrawal, the withdrawing Member may only revoke its Withdrawal with the prior written approval of the Chair of the Board. The Withdrawal shall be effective, after the said six (6) month period, on the date for Withdrawal indicated in the written notice that has been sent to the Chair of the Board.

7.8 **Suspension or exclusion**

7.8.1 The Board of Directors may Suspend or Exclude a Member in the following circumstances:

- if the Member, in the opinion of the Board of Directors, ceases to satisfy any of the membership requirements set out in 7.5 or materially breaches its obligations set out in 7.6 and/or circumstances have arisen which could be prejudicial or represent a threat to the integrity or reputation of the NPC; or
- if any of the events set out in section 7.6.3 occurs.

The Board's decision regarding Suspension or Exclusion of a Member shall be motivated.

7.8.2 Before Suspending or Excluding a Member, the Board of Directors shall provide the concerned Member with the relevant details in writing thirty (30) calendar days in advance of the proposed Suspension or Exclusion date. The concerned Member shall have up to thirty (30) calendar days, depending on the severity of the breach, to definitely remedy the consequences of the breach or breaches having led to the proposal of Suspension or Exclusion of the concerned Member.

7.8.3 A Suspension may be given immediate effect after the period specified in 7.8.2 or be given effect from such time and date thereafter as the Board of Directors may decide. An Exclusion may be given effect at the earliest six (6) months from the end of the said period in section 7.8.2.

8. **Membership fees**

8.1 No membership fees shall be applicable for the Founding Members.

8.2 Each year, the amount of the membership fees shall be calculated by the Secretary General for each Scheme Member. Each Scheme Member shall pay membership fees annually according to the financial model decided by the Annual General Assembly.

8.3 Members joining or leaving the NPC during a financial year shall pay the applicable membership fee on a proportional basis in relation to the membership period during such financial year.

9. Financial year

9.1 The financial year of the NPC shall run from 1 January to 31 December.

10. The General Assembly

10.1 The role of the General Assembly

10.1.1 The General Assembly is the NPC's supreme decision-making body.

10.1.2 The role of the General Assembly is to:

- approve financing model for the NPC;
- approve the budget, including the amount of the membership fees and the calculation of the membership fees upon proposal from the Board of Directors;
- approve as well as discharge members of the Board of Directors and auditors;
- approve and decide on the annual report;
- decide on voting rights at the General Assembly
- decide on the composition of and voting rights at the SMC;
- decide on remuneration for the auditors;
- decide on remuneration for the Independent Board Members;
- approve as well as discharge members in the Nomination Committee;
- decide on proposals for amendments to the Bylaws;
- approve Internal Rules for the NPC;
- dissolve the NPC.

10.1.3 Proposals to the General Assembly may be submitted by all Members, including suggestions for independent Board Members, according to procedure described in section 10.5.2.

10.2 Participation in the General Assembly

10.2.1 The General Assembly is composed of all Members. Each Member is entitled to be represented at the General Assembly by one Representative who has been nominated by the Member.

10.3 **Frequency of meetings**

10.3.1 The General Assembly shall meet at least once a year and at the latest during the month of June (Annual General Assembly). The General Assembly may be held physically or by means of telecommunication (e.g. video- or telephone conference).

10.3.2 The Board of Directors or the auditors can convene an extraordinary meeting of the General Assembly. Such a meeting shall also be held at the request of at least one third (1/3) of the Members.

10.4 **Agenda for the Annual General Assembly**

10.4.1 The following items shall be handled on the Annual General Assembly:

- Election of Chair and minute-checker for the General Assembly
- Decision on whether the General Assembly has been duly convened
- Drawing up voting list
- Decision on other parties' participation in the General Assembly
- Approval of annual report
- Approval of auditor's report
- Adoption of profit and loss statement and balance sheet and distribution of profit or loss
- Question on discharge from liability for the Board of Directors and the Secretary general
- Approval of proposal for budget and financial model, including membership fees
- Decision on the number of Board Members and deputies
- Approval of the Board Members and their deputies
- Approval of auditor and his/her deputy
- Proposals and presentations from the Board of Directors
- Miscellaneous items and proposals that have been listed on the agenda

10.5 **Notice of meetings**

10.5.1 The Members shall receive from the Secretariat on behalf of the Board of Directors written notice of the date, time and place of a meeting and the last date to notify participation in the meeting, no less than four (4) weeks before the date of an Annual General Assembly. The agenda of a meeting and the material documents necessary for the discussion shall be sent no less than two (2) weeks before the date of the Annual General Assembly.

- 10.5.2 Until three (3) weeks before the date of the Annual General Assembly, any Member shall have the right to propose to the Chair of the Board with copy to the Secretary General an item to be put on the agenda of a meeting. These items shall be handled in advance by the Board of Directors, which will deliver an opinion to the Annual General Assembly.
- 10.5.3 Notices of extraordinary meetings and the related agenda and the material documents necessary for the discussion shall be sent out no less than eight (8) days before an extraordinary meeting.
- 10.5.4 Members unanimously shall have the right, before, during or after a meeting of the General Assembly, to waive the said convening formalities and periods required.
- 10.6 **Quorum and voting procedures**
- 10.6.1 With the exception of circumstances presently described in section 10.6.2, a meeting of the General Assembly requires that at least half (1/2) of the total votes are represented for decisions to be validly taken.
- 10.6.2 If the NPC only consists of Founding Members, a meeting of the General Assembly requires that all Founding Members, excluding Founding Members with Observer Status, are represented. Furthermore, under such circumstances, a decision shall be validly taken on a proposal only if the Founding Members, excluding Founding Members with Observer Status, reach consensus.
- 10.6.3 Founding Members shall have one vote each at the General Assembly.
- 10.6.4 Each Scheme Member shall be assigned a number of votes in proportion to its Scheme Usage. All Scheme Members shall there by as a minimum be assigned one vote.
- 10.6.5 A decision regarding the financing model of the NPC, voting right at the General Assembly or voting rights at the SMC according to section 10.1.2, shall be validly taken on a proposal only if it obtains a qualified majority of two third (2/3) votes cast by the Members represented. Blank votes and invalid votes do not count. No proposal may be decided upon if more than half of the Members represented abstain.
- 10.6.6 Unless other majority requirements apply according to these Bylaws, a decision shall be validly taken on a proposal only if it obtains a simple majority of more than half of the votes cast by the Members represented. Blank votes and invalid votes do not count. No proposal may be decided upon if more than half of the Members represented abstain.
- 10.6.7 A Member can choose to be represented by either another Member or a party representing a group of Members. This party shall be a party that represents that group of Members in other payment matters. The Representative will receive all Member(s) vote(s) that have chosen that Representative subject to proxies.

Such proxy shall be communicated before the meeting by the Member via written communication to the Chair of the Board with copy to the Secretary General. No Representative at the meeting may represent more than 20% of the votes represented at the General Assembly.

10.7 Minutes

10.7.1 Minutes shall be drawn up at each meeting of the General Assembly. They shall be approved and signed by the chair of the meeting and one other meeting participant and kept by the Secretariat in a register of minutes. Copies of the minutes shall be sent or otherwise made available by the Secretariat to the Members.

11. The Board of Directors

11.1 The role of the Board of Directors

11.1.1 The Board of Directors shall have the powers necessary to accomplish the purpose of the NPC. The Board of Directors shall in particular have the following powers:

- decide on matters within the scope of the work of the NPC;
- approve as well as discharge members of the SMC
- prepare proposals, reports and material for the General Assembly;
- review and approve the agendas of the meetings of the General Assembly;
- monitor the implementation of the Board's decisions;
- approve new Members in accordance with section 7.4 and decide on Suspension or Exclusion of Members in accordance with section 7.8;
- approve Observer Status for Founding Members in accordance with section 7.3
- approve draft annual work plan, draft annual accounts and the draft annual budgets from the Secretariat;
- propose the budget and financing model including the amount of the membership fees and the calculation of the membership fees;
- receive regular reporting from the SMC about SMC's work progress regarding the development and management of the NPC Schemes;
- decide on the operating model of the NPC;
- establish and discontinue different working groups, supporting groups, task forces and other groups and approve their terms of reference and composition;

- manage the intellectual property rights that may be attributable to the schemes and the principles for financing the activities of the NPC;
- approve and dismiss the Secretary General.

11.2 **Composition of the Board of Directors**

11.2.1 The Board of Directors shall always contain one Representative and one deputy from each of the Founding Members. Furthermore, the Board of Directors can also contain 1-2 Independent Board Members.

11.3 **Election of the Board of Directors**

11.3.1 Independent Board Members can also be nominated to the Board of Directors. The Nomination Committee shall nominate such Independent Board Members and one deputy for each of them.

11.3.2 The Board of Directors shall elect the Chair among themselves.

11.3.3 The Board Members are elected for a one-year term that may be renewed for identical terms. The Board Members are free to resign at any time by submitting their resignation to the Chair.

11.4 **Working procedures of the Board of Directors**

11.4.1 The working procedures of the Board of Directors shall be described in Rules of Procedure NPC Board, approved by the Board of Directors.

12. **Authorisation to sign for the NPC**

12.1 The Board of Directors is authorised to sign on behalf of the NPC in relation to third parties. The Board of Directors may assign the right to sign for NPC to one or more Board Members or to the Secretary General.

13. **The Secretariat**

13.1 The NPC shall have a Secretariat with its own staff, at least but not limited to a Secretary General and may additionally employ staff.

13.2 In particular, the Secretariat shall perform the following tasks:

- day-to-day operations of the NPC;
- represent the NPC in connection with third parties as part of the day-to-day operations or as delegated by the Board of Directors;
- prepare draft agendas and documentation for the Board of Directors' decisions;
- ensure the legal compliance of the NPC;
- prepare draft annual accounts, work-plan and budget for final decision by the General assembly;
- ensure coordination between all NPC committees and bodies;

- administer the NPC Secretariat function for scheme adherence and compliance.
- 13.3 The Secretary General may buy various types of services from other companies for day-to-day operations within the budget. The Secretary General is responsible for hiring staff for the Secretariat and for representing the association externally.
- 14. The SMC**
- 14.1 The NPC shall have an SMC responsible for the development and management of the Schemes.
- 14.2 The composition and powers of the SMC shall be described in Internal Rules of the NPC, approved by the General Assembly.
- 14.3 The SMC shall report to the Board of Directors.
- 15. The Nominating Committee**
- 15.1 The Nominating Committee shall make recommendations to the General Assembly for the composition of the Board in accordance with 11.2.1. The Nominating Committee shall make recommendations to the Board for the nominations for the SMC as described in 14.2. The Nominating Committee's recommendations shall notably concern:
- ensuring that there is at least one eligible candidate for the chair of General Assembly position;
 - ensuring and reviewing candidate members to the Board and the SMC.
- 15.2 The Nominating Committee shall always act under the responsibility of and report to the General Assembly.
- 15.3 The Nominating Committee is composed of a minimum of three (3) and a maximum of five (5) members. Any vacancy occurring within a term shall be filled at the first following meeting of the General Assembly with the new member completing the mandate of the departing member. If, however the membership of the Nominating Committee would be less than three members, the General Assembly shall elect one or more replacement member(s) by written procedure within the next two months. By derogation from the above minimum composition, the Nominating Committee will continue to operate in the interim period of two months.
- 15.4 Amongst the members of the Nominating Committee, the General Assembly shall elect the chair of the Nominating Committee. The terms of reference of the Nominating Committee are included in the Internal Rules of the NPC.

16. Nomination of auditors

16.1 The General Assembly shall elect an external authorised auditor for a term until the expiration of the next Annual General Assembly to audit the annual accounts.

17. Amendments to the Bylaws

17.1 With the exception of circumstances present described section 10.6.2, the Bylaws may only be amended pursuant to a qualified majority of two thirds (2/3) votes reached by the General Assembly. Blank votes and invalid votes do not count. No proposal may be decided upon if more than half of the Members represented abstain.

18. Dissolution and liquidation

18.1 With the exception of circumstances present described section 10.6.2, a decision to dissolve and liquidate the NPC shall be validly adopted if it obtains a qualified majority of three fourths (3/4) votes by the General Assembly. Blank votes and invalid votes do not count. No proposal may be decided upon if more than half of the Members represented abstain.

18.2 The General Assembly shall in connection with its decision pursuant to section 18.1 also decide upon the necessary measures and the distribution of remaining assets.