

Internal Rules of the Nordic Payments Council

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Replacing: Internal Rules of the Nordic Payments Council approved the 7th of June 2019

1. Organisation

1.1 The Nordic Payments Council (the “NPC”) was established 18 December 2018. 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. Its organisation is outlined in Appendix 1 to these internal rules (the “NPC Internal Rules”).

2. Definitions

2.1 In these NPC Internal Rules defined terms shall have the same meaning as in the Bylaws unless given a specific meaning herein.

3. Governing rules

3.1 The NPC and the rights and obligations of its Members is governed by Bylaws that may be amended from time to time.

3.2 These NPC Internal Rules are adopted by the General Assembly to complement the Bylaws.

3.3 Beside the Bylaws and the NPC Internal Rules there may also be different kinds of internal rules that are applicable to the activities of NPC. The NPC Scheme Management Internal Rules (the “NPC SMIR”) is a set of rules, adopted by the SMC, governing the composition and work of the SMC as well as the processes for Scheme Management.

4. Usage Categories

4.1 The amount of the Scheme Members’ respective membership fees and the distribution of the number of votes and seats between the Scheme Members shall be divided proportionally on the basis of their Scheme Usage with the purpose of a fair allocation.

- 4.2 Scheme Members shall be divided into the following four different Usage Categories based on their Scheme Usage:

Usage Category	Scheme Usage per Scheme Member (million)
A	> 100
B	30-100
C	10-29
D	0-9

- 4.3 Scheme Usage is defined in section 4 in the Bylaws as “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”.

- 4.4 The reference to “transaction volumes” in the definition of Scheme Usage in section 4.3 above shall mean currently sent credit transfer and instant credit transfer transactions that are corresponding to future transactions in the NPC Schemes, i.e. NCT and NCT Inst transactions in the Scheme Currencies as defined in the NPC Credit Transfer Scheme Rulebook and the NPC Instant Credit Transfer Scheme Rulebook as amended from time to time.

5. Principles for allocation of Membership fees

- 5.1 A Scheme Member’s membership fee shall be based on the Usage Category it has been assigned to. The below principles for allocation of yearly fees shall thus apply to Scheme Members belonging to the specified Usage Categories based on the NPC budget.

- 5.2 As illustrated in the table below, the yearly fee per Scheme Member in Usage Category D is X SEK (e.g. 5000 SEK). As further shown, the yearly fee per Scheme Member in Usage Categories A-C shall be the product of the respective specified factor (10, 20 or 300) multiplied with X. The total of the yearly fee for all Scheme Members will be equal to the NPC budget.

Usage Category	Yearly fee per Scheme Member (SEK)
A	300 x X
B	20 x X
C	10 x X
D	X

5.3 The above principles apply in a state where the following number of Scheme Members belong to the respective Usage Categories in NPC:

- Usage Category A: 5 Scheme Members
- Usage Category B: 2 Scheme Members
- Usage Category C: 5 Scheme Members
- Usage Category D: 13 Scheme Members

5.4 If the numeric relationships of the number of Scheme Members change within or between the respective Usage Categories above, this may result in a change of the division of yearly fees between the Usage Categories.

6. Principles for distribution of voting rights and number of seats

6.1 General Assembly

6.1.1 According to section 10.6.4 in the Bylaws each Scheme Member shall be assigned a number of votes in proportion to its Scheme Usage. All Scheme Members shall thereby as a minimum be assigned one vote.

6.1.2 Additional votes per Scheme Member will be distributed according to their Usage Category. In a steady state, one Scheme Member shall not be assigned more than 10 % of the votes and the Scheme Members combined in Usage Category A shall not be assigned more than 50 % of the votes.

6.1.3 As a representative example the following distribution of votes could apply in the General Assembly.

Usage Category	The Usage Category's percentage of total vote
A	50%
B	16,67%
C	16,67%
D & Founding Members	16,67%

6.2 The Scheme Management Committee ("SMC")

6.2.1 According to section 14.2 in the Bylaws, the composition and powers of the SMC shall be described in the NPC Internal Rules.

6.2.2 The composition (assignment of seats) and voting rights of the members of the SMC (the “SMC Members”) are allocated to the Scheme Members in the different Usage Categories according to the following:

Usage Category	The Usage Category’s percentage of total vote	Maximum number of seats per Member
A	50 %	2
B	15 %	1
C & D	30%	4 (in total, see 6.2.3)
Country representative nominated by Founding Members	5%	1

6.2.3 SMC Members in Usage Category C & D shall share the specified number of seats and may distribute them freely between their Usage Categories with least one per country.

6.2.4 Proxies may be used, but only for representing one other Member. Only two (2) votes per representation is allowed, as a maximum.

6.2.5 Founding Members with Observer Status shall be entitled to a seat, but not have any voting rights in the SMC.

NPC Organisation

