



Charter of the International Payments Framework (IPF), LLC

Draft 1.0

Note: although this document is called a “Charter,” it is intended to serve only as a blueprint that lays out the structure and functions of the “permanent” IPF. This document itself is not intended to serve as a formal legal document, such as Articles of Incorporation, By-Laws, or Board Resolutions. The IPF Plenary session in Paris voted to turn over this Charter document to the IPF’s legal counsel to use as the basis for creating appropriate legal instruments for the creation of the “permanent” IPF as a not for profit corporation that operates an association of members.

Table of Contents

1.0	PREAMBLE	4
2.0	DEFINITIONS	4
3.0	PURPOSE & OBJECTIVES	5
4.0	ROLE	5
5.0	GOVERNANCE STRUCTURE	5
6.0	POLICY REPRESENTATION AND COMMUNICATION	5
7.0	MEMBERSHIP ELIGIBILITY	6
7.1	IPF Membership	6
7.2	Membership Eligibility	6
7.2.1	Member	6
7.2.2	Affiliate Member	6
7.3	Membership Criteria	7
7.3.1	Member	7
7.3.2	Affiliate Member	7
7.4	Appeals procedure	7
8.0	RIGHTS AND OBLIGATIONS OF MEMBERS/AFFILIATES	7
8.1	Member/Affiliate Representative	7
8.2	Voting	8
8.3	Restricted Voting matters	8
8.4	Qualified Majorities	8
8.5	Member/Affiliate Interests	9
8.6	Member/Affiliate Discretion	9
8.7	Membership Transferability	9
8.8	Mergers and Acquisitions	9
8.9	IPF Indemnification	10
8.10	Termination of Membership	10
8.10.1	Resignation	10
8.10.2	Suspension	10
8.10.3	Resignation of Representatives following Membership Termination	11
8.11	Confidential Information	11
9.0	MEMBERSHIP FEE, DISTRIBUTIONS AND INTERESTS	12
9.1	Membership Fee	12
9.2	Interest, Ownership, and Distributions	12
10.0	MEETINGS OF MEMBERS	13
10.1	Meetings	13
10.1.1	Annual Meeting of Members	13
10.1.2	Special Meetings of Members	13
10.2	Place of Meetings	14

10.3	Notice of Meetings	14
10.4	Meeting of All Members	14
10.5	Quorum	14
10.6	Proxy	14
10.7	Action by Members without a Meeting	14
10.8	Waiver of Notice	15
11.0	BOARD OF DIRECTORS	15
11.1	Powers and Authority	15
11.2	Rights and Obligations	15
11.3	Composition	16
11.4	Balanced Representation	16
11.5	Election of Directors	16
11.6	Director Eligibility	17
11.7	Disqualifications	17
11.8	Remuneration of Directors	17
11.9	Resignation	17
11.10	Removal of Director	17
11.11	Vacancies	18
11.12	Chairperson (“Chair”) and Vice Chair	18
11.13	Regular Meetings	18
11.14	Request for Meeting	18
11.15	Contents of Notice	18
11.16	Meeting without Notice	18
11.17	Quorum	19
11.18	Voting	19
12.0	EXECUTIVE MANAGEMENT	19
12.1	Appointment of Executive Management	19
12.2	Duties and Powers	19
12.3	Remuneration of Directors	20
12.4	Executive Management Support	20
12.5	IPF Indemnification	20
12.6	Resignation	20
12.7	Removal of Executive Manager	20
12.8	Vacancy	20
12.9	Meetings	21
12.10	Quorums	21
12.11	Voting	21
13.0	RULES COMMITTEE	21
13.1	Role of the Rules Committee	21
13.2	Duties and Powers	22
13.3	Composition	22
13.4	Meetings	22
13.5	Quorum	23
13.6	Voting	23
14.0	NOMINATING COMMITTEE	23
14.1	Role of the Nominating Committee	23
14.2	Duties & Powers	23
14.3	Composition	23
14.4	Meetings	24

14.5	Quorums	24
14.6	Voting Procedures	24
15.0	ADVISORY COUNCILS	24
15.1	Role of the Advisory Councils	24
15.2	Duties & Powers	24
15.3	Composition	24
15.4	Meetings, Quorum & Voting procedures	25
16.0	OTHER WORKGROUPS OR COMMITTEES	25
16.1	Role of the Other Workgroups or Committees	25
16.2	Duties & Powers	25
16.3	Composition	25
16.4	Meetings, Quorum & Voting procedures	25
17.0	LIABILITY OF THE IPF	26
18.0	INTELLECTUAL PROPERTY	26
19.0	BUDGET & FUNDING	27
20.0	SECRETARIAT	27
21.0	DATABASE ADMINISTRATION	27
22.0	OFFICES	28
23.0	TERMINATION / UNWINDING	28
24.0	NOTICES	28
25.0	ARBITRATION & DISPUTES	28
26.0	GOVERNING LAW & JURISDICTION	29
27.0	AMENDMENTS TO THE IPF CHARTER	29

1.0 Preamble

1. The International Payments Framework (IPF) concept is to establish a membership organisation that will provide business rules, standards and operating procedures to improve cross border credit transfer payments based on the ISO 20022 standard through a contractual framework binding the Members to the business rules, standards and operating procedures and binding the Affiliates to encourage their members or customers to use and implement these business rules, standards and operating procedures.
2. The IPF business rules, standards and operating procedures will enable interoperability between existing domestic or regional payment systems and the ability to exchange transactions in multiple currencies and settlement that will leverage existing procedures. The rulemaking body of the IPF will provide an overlay structure that provides interoperability and reduces complexity between Clearing and Settlement Mechanisms (CSM's) and banks with the bank members providing transaction volume (e.g. bank to bank, bank to CSM and CSM to CSM).
3. The guiding principle will be to create a framework that is cost effective, with low barriers to entry and usage, which provides for a wide set of currencies/countries over time, which is compliant with country specific mandates/requirements and which ensures a global all-encompassing approach to establishing and maintaining the framework. These guiding principles shall include:
 - a. Utilizing a truly global view to ensure the most widespread acceptance and use.
 - b. Embracing existing global standards whenever and wherever possible to insure ease of use and removal of barriers to entry.
 - c. Leveraging domestic payment channels and existing settlement practices to provide simplification of back office processing, certainty of service and expanded global payment services.
 - d. Evaluating regulatory compliance needs to identify constraints and regulatory barriers that require relevant legislation and regulations that apply to payment transactions and their relevance in the context of the IPF organization and its members.
4. The IPF organisation is financially supported by membership fees.

2.0 Definitions

Bank

IPF - The Corporation

*CSM - Clearing and
Settlement Mechanisms*

*ACH - Automated Clearing
House*

IPF Member - voting

IPF Affiliate - non voting

*Framework
Infrastructure*

[Joint work in progress together with Rulebook workgroup]

3.0 Purpose & Objectives

1. The purpose of the IPF is to enable the exchange of multi-currency, non-urgent payments between all Member organisations; whether through a CSM or directly through Member banks, utilising the same standardised process and operating procedures. This will allow Member organisations to offer their clients payments to new countries and/or currencies in a quick and efficient manner, lowering processing costs and eliminating the complexities in international non-urgent payments.
2. The immediate goal of the IPF is the establishment of a framework for the processing of non-urgent cross-border credit transfer payments based on the ISO 20022 standard by 31 December 2009. This goal will be accomplished by:
 - a. Developing and maintaining the operating rules and procedures for IPF transactions
 - b. Developing and maintaining the contractual framework that binds the IPF Members and Affiliates
 - c. Developing and maintaining message implementation guides

4.0 Role

1. The IPF shall meet the purpose and objectives of section 3.0 by establishing business rules, standards and operating procedures and supervising the implementation thereof and compliance therewith through a contractual framework binding its Members and Affiliates thereby allowing the payment industry to streamline the cross-border payment landscape.
2. The IPF shall liaise with and, to the extent applicable, provide guidance to other third parties including, amongst others, national and international governmental institutions, central banks, associations and lobby groups in order to achieve its purpose and objectives.
3. The IPF will accomplish its purpose and objectives led by the IPF Board of Directors and supported by its committees and workgroups.

5.0 Governance Structure

[To be drafted as an overview/summary once all governance related sections have been filled in]

6.0 Policy Representation and Communication

1. The Board of Directors of the IPF shall be responsible for formal representation of and communication by the IPF towards third parties including, amongst others, national and international governmental institutions, central banks, associations and lobby groups.
2. All communication messages of the IPF shall be in accordance with the IPF media and PR policy which has been established to address matters related to Branding, Communications, PR and Conferences.

3. All PR plans, press releases, industry presentations (including pitches for them) and promotional materials shall be developed and executed by the IPF.

7.0 Membership Eligibility

7.1 IPF Membership

1. The Membership of the IPF shall consist of the following:
 - a. Members; and
 - b. Affiliate Members (hereinafter "Affiliate")

7.2 Membership Eligibility

7.2.1 Member

1. A member of the IPF is characterized as a party to the processing of an IPF transaction that assumes liability for the transaction.
2. Each of the following classes of entities are eligible to be a Member of the IPF if they meet the membership criteria for Members:
 - a. Regulated financial institutions, as per their domestic jurisdiction¹. These may include, but are not limited to, a bank, a central bank, a trust company, a loan company and any other entity that accepts deposits transferable by order to a third party;
 - b. Clearing and Settlement Mechanisms, as defined by the IPF; and
 - c. Any other entity that is eligible under this section to be a Member and whom, on application to the IPF for membership in the IPF, establishes entitlement to be a Member as per the Membership criteria for Members set out in section 7.3.1.

7.2.2 Affiliate Member

1. Where an entity is not a party to the processing of an IPF transaction and does not assume liability for the transaction, the entity may be an Affiliate of the IPF.
2. Each of the following entities are eligible to be an Affiliate of the IPF if they meet the membership criteria for Affiliates:
 - a. Associations representing financial institutions;
 - b. Standard-setting bodies;
 - c. Industry Vendors;
 - d. Users of payment services; and
 - e. Any other entity that is eligible under this section to be an Affiliate and whom, on application to the IPF for membership in the IPF, establishes entitlement to be an Affiliate as per the Membership criteria for Affiliate Members set out in section 7.3.2.
3. Where an entity is eligible to be a Member of the IPF, it is not eligible to be an Affiliate.

[Note: in Herndon a split between framework and infrastructure has been proposed where members and affiliates are actors in the framework (to be defined in governance structure) and

¹ In most jurisdictions commercial financial institutions are regulated by government entities and require a special license to operate. Some types of entities may be partly or wholly exempt from such license requirements and are regulated by separate regulators, e.g. [building societies](#) and [credit unions](#).

participants are actors in the infrastructure (to be defined in rulebook). The current draft of the Rulebook is based on members rather than participants and it is unclear what the added value would be of introducing the concept of participants. Consequently all references to participants in the Charter have been deleted.]

7.3 Membership Criteria

7.3.1 Member

1. An entity is eligible to be a Member of the IPF if they meet the requirements set out below:
 - a. Satisfy the conditions regarding the on-boarding of a country and/or a currency pursuant to *[Annex C]*.
 - b. Respect the Bank of International Settlements (BIS) Core Principles for Systemically Important Payment Systems (hereinafter “Core Principles”), or an appropriate subset of the Core Principles as identified by the BIS for retail payment systems.
 - c. In the case of payment origination, comply, where appropriate, to relevant legislation(s) and/or regulation(s) *[e.g. anti-money laundering legislation, foreign economic and trade security policies]* as per the sending Member’s domestic jurisdiction;
 - d. In the case of payment receipt, comply, where appropriate, to relevant legislation(s) and/or regulation(s) *[e.g. anti-money laundering legislation, foreign economic and trade security policies]* as per the receiving Member’s domestic jurisdiction;
 - e. Execute the form of Member’s Assent in a form prescribed by the IPF, as amended from time to time;
 - f. Pay the applicable Membership Fee, as determined by the IPF; and
 - g. Agree to contribute material and/or human resources to IPF workgroups, committees, and/or Boards from time to time.

7.3.2 Affiliate Member

1. An entity is eligible to be an Affiliate of the IPF if they meet the requirements set out below:
 - a. Execute the form of Affiliate’s Assent in a form prescribed by the IPF, as amended from time to time; and
 - b. Pay the applicable Affiliate Membership Fee, as determined by the IPF.

7.4 Appeals procedure

1. Where an organisation has been deemed ineligible for membership by the IPF, and where the organisation disagrees therewith, it can submit an appeal to an independent arbitration body agreed to by both parties.

8.0 Rights and Obligations of Members/Affiliates

8.1 Member/Affiliate Representative

1. A Member/Affiliate shall act through its designated Representative. Each Member/Affiliate shall provide notice to the Board of the name and address of its designated Representative. It shall be the responsibility of each Member/Affiliate to ensure that the IPF has accurate

records regarding the name and address of the Member/Affiliate's designated Representative.

8.2 Voting

1. Each Member of the IPF shall have voting rights on all voting matters put forth by the IPF for Members and shall be entitled to one vote at any Meeting of the Members.
2. Affiliate Members shall have voting rights on all voting matters put forth by the IPF for Affiliates except for the Restricted Voting matters as determined in section 8.3 and shall be entitled one vote at any Meeting of the Members.
3. Every question put to a vote before Members and, where appropriate as per section 8.3, Affiliates is, unless otherwise specified, decided by a majority of the votes cast.
4. Should voting be conducted electronically, Members and, where appropriate as per section 8.3, Affiliates shall be provided with at least ten business days to respond to the vote.
5. A Member and, where appropriate as per section 8.3, Affiliate's abstention shall not be considered a vote.
6. All voting may be conducted electronically or during IPF meetings, except for elections which shall only be done electronically. For electronic voting, Members and, where appropriate as per section 8.3, Affiliates will be provided with at least ten business days to respond to the vote.
7. In the future, the IPF may consider a transaction volume based membership voting policy.

8.3 Restricted Voting matters

1. The following resolutions shall be considered Restricted Voting matters and may be voted upon only by the Members of the IPF:
 - a. Election of Directors to the IPF Board
 - b. Removal of a Director from the IPF Board
 - c. Appointment of the IPF Board Chair and Vice Chair
 - d. Termination or filing for bankruptcy of the IPF
 - e. Merging of the IPF with another organisation
 - f. Distributions of cash or other assets of the Members of the IPF
 - g. Approval of financial statements
 - h. Appointment of an Auditor
 - i. Calling a special meeting of Members
 - j. Member appointment to IPF workgroups and committees
 - k. Where matters do not affect Affiliates, amendments to the IPF Governance Charter and other IPF documents
 - l. Any other matter deemed a Restricted Voting matter by the IPF Board of Directors

8.4 Qualified Majorities

1. The following resolutions shall require a 3/4 majority of the votes cast by the IPF membership:

- a. Terminating or filing for bankruptcy
 - b. Merging with another organization
 - c. Amending the Governance Charter and related documents
2. The following resolutions shall require a 2/3 majority of the votes cast by the IPF membership:
- a. Annual budget
 - b. Annual membership fee
 - c. Additional budget for non-recurring expenditures
 - d. Decision to charge on a per transaction basis
 - e. Rule changes upon recommendation of the Rules Committee

[Note: need to check if any items are legally required sub 1 and 2 dependent on applicable jurisdiction/domicile]

8.5 Member/Affiliate Interests

1. Each Member/Affiliate may have other business interests and engage in activities in addition to those relating to the IPF. Neither the IPF nor any Member/Affiliate shall have any right, by virtue of the IPF Agreement, to share or participate in such other investments or activities of any Member/Affiliate or to the income or proceeds derived there from.

8.6 Member/Affiliate Discretion

1. Each Member/Affiliate shall at its sole discretion choose the counterparties, with whom it chooses to exchange payments, including which countries or currencies to include in its processing.

8.7 Membership Transferability

1. A Member/Affiliate may not transfer, sell, assign or otherwise dispose of all or any of its interests, beneficial or otherwise, in the IPF.

8.8 Mergers and Acquisitions

1. If a Member/Affiliate merges with or into another Member/Affiliate or consolidates with, sells substantially all of its assets to or otherwise becomes affiliated with another Member/Affiliate, one of the Members/Affiliates shall be deemed to have resigned as a Member/Affiliate and the Member/Affiliate deemed to have resigned shall not be entitled to receive any return on its membership fees or any other interests in or distributions from the IPF.
2. If a Member/Affiliate merges with or into a non-Member/Affiliate or consolidates with, sells substantially all of its assets to or otherwise becomes affiliated with a non-Member/Affiliate, the Member/Affiliate shall be deemed to have resigned as a Member/Affiliate unless the Board of Directors and Member/Affiliate jointly resolve otherwise.

8.9 IPF Indemnification

1. No Member/Affiliate shall have any power or authority to bind the IPF in any way, to pledge its credit or to render it liable for any purpose, unless the Member/Affiliate has been authorized by the Board of Directors to act as an agent of the IPF in accordance with the previous sentence.
2. Neither the IPF nor a Director, an Executive Manager or an employee shall be liable for any loss or damages suffered by a Member/Affiliate for anything done or omitted to be done honestly and in good faith, in relation to the IPF Governance Charter and/or IPF Credit Transfer Rulebook.

8.10 Termination of Membership

8.10.1 Resignation

1. An entity may resign as a Member/Affiliate of the IPF at any time, provided:
 - a. The entity gives the IPF notice of its intention to resign at least [\[30 days\]](#) prior to the effective date thereof or such longer notice as the IPF may require; and
 - b. The entity satisfies its liabilities to the IPF.
2. An entity that resigns as Member/Affiliate of the IPF is not:
 - a. Eligible to vote at any meetings of Members held following the day on which the resignation takes place;
 - b. Entitled to receive a return of its membership fee or any other interests in or distributions from the IPF; or
 - c. Entitled to any other rights and privileges of membership to the IPF.

8.10.2 Suspension

1. Where an entity becomes insolvent or files for bankruptcy, it ceases to be a Member/Affiliate of the IPF.
 - a. Members/Affiliates shall indemnify the IPF of any dealings conducted through the IPF with an entity that becomes insolvent or files for bankruptcy and ceases to be a Member/Affiliate.
2. An entity ceases to be a Member/Affiliate Member of the IPF upon the adoption, by majority, of a resolution of the IPF Board of Directors to suspend the Member/Affiliate. Reasons for suspension include, but are not limited to:
 - a. It is determined that the entity has violated its agreement with the IPF or the IPF Rules; and/or
 - b. The entity no longer meets the requirements of IPF Membership.
3. An entity that ceases to be a Member/Affiliate Member of the IPF is not:
 - a. Eligible to vote at any meetings of Members held following the day on which the termination takes place;

- b. Entitled to receive a return of its membership fee or any other interests in or distributions from the IPF;
- c. Relieved of the obligation to pay to the IPF its liabilities to the IPF on the day it ceases being a Member/Affiliate Member;
- d. Eligible for readmission to the IPF as a Member/Affiliate Member until a resolution is adopted by the IPF Board of Directors declaring that the former Member/Affiliate Member concerned meets the requirements of the IPF for readmission.
- e. Entitled to any other rights and privileges of membership to the IPF.

8.10.3 Resignation of Representatives following Membership Termination

1. Upon the termination of membership all representatives of the respective Member in IPF governance bodies (e.g. BoD, Rules Committee, etc.) shall automatically be deemed to have resigned.

8.11 Confidential Information

1. Each Member/Affiliate shall keep confidential and not disclose any Confidential Information (whether or not such information or materials have been labelled as “Confidential Information”) except to the extent:
 - a. The Members/Affiliates shall have reviewed the disclosure without unreasonable delay and shall have agreed to the form and content of the disclosure; provided, however, that the Members/Affiliate shall not prohibit the disclosure without due cause;
 - b. Disclosure of such information or materials is required by law; or
 - c. The information or materials become publicly known except through the actions or inactions of such Member/Affiliate.
2. In the event any Member/Affiliate is required by law to disclose any Confidential Information, such Member/Affiliate shall promptly notify the IPF Board in writing, which notification shall include the nature of the legal requirement and the extent of the required disclosure, and shall cooperate with the IPF Board to preserve the confidentiality of such information consistent with applicable law.
3. Each Member/Affiliate will use Confidential Information only for the purpose of participating in and furthering the work and goals of the IPF, and for no other purpose. Without limitation of the foregoing, a Member/Affiliate shall not use any Confidential Information in any manner prejudicial to the rights or business of the IPF. Nothing in this Agreement shall prohibit a Member/Affiliate from disclosing Confidential Information to the Member/Affiliate’s board of directors or similar oversight body.
4. Each Member/Affiliate hereby acknowledges that unauthorized disclosure or use of the Confidential Information could cause irreparable harm and significant injury to the IPF that may be difficult to ascertain. Each Member/Affiliate agrees that the IPF will have the right to seek and obtain immediate injunctive relief to enforce the obligations under this Section 8.8 in addition to any other rights and remedies it may have.
5. The IPF and each Member/Affiliate shall keep confidential and not disclose any information divulged by another Member/Affiliate that is specifically designated by the divulging Member/Affiliate as confidential information of that Member/Affiliate, unless disclosure is required by law or the divulging Member/Affiliate agrees in writing to such disclosure. The IPF and the Members/Affiliates shall use confidential information of another Member/ Affiliate only for the purpose of participating in and furthering the work and goals of the IPF and for no

other purpose and shall not use such confidential information in any manner prejudicial to the rights of the divulging Member/Affiliate.

9.0 Membership Fee, Distributions and Interests

9.1 Membership Fee

1. The IPF may, in carrying out its objectives, require the payment of membership fees by Members and Affiliates and establish the amount thereof. The Board of Directors shall calculate and impose membership fees on Members/Affiliates in a fiscal year on the basis of the operating and capital budgets for that fiscal year as described in [\[section 19.0 Budget & Funding\]](#).
2. The membership fee in a fiscal year payable by all Members shall be uniform for all Members.
3. Until such time as a Member's currency and/or country has been on-boarded into the IPF, the membership fee for this Member shall be 25% lower than the fee set for Members.
4. The membership fee in a fiscal year payable by all Affiliate Members shall be uniform for all Affiliate Members and shall be 25% lower than the fee set for Members.
5. If the operating or capital budget for a fiscal year is amended by the Members or varied by the Board of Directors pursuant to a resolution of the Members, as described in section [\[10.1.2\]](#), the Board of Directors shall adjust the fees payable by Members/Affiliates for that fiscal year on the basis of the amendment or variation.
6. In case a new Member joins the IPF in the course of the year, the fee for the first year of membership shall be calculated as follows:
 - a. Annual Membership Fee * (no. of days until year end / total no. of days in the year)
7. The approval of the membership fee requires a 2/3rd majority of the votes cast by the IPF membership.
8. The Membership Fee must be paid in full by January 1st at the latest. If a Member/Affiliate fails to pay in time, the IPF corporate secretary shall notify the Member/Affiliate thereof with a request to pay the fee ultimately within 4 weeks. If the Member/Affiliate again fails to pay in time, this can result in a termination of the membership. The Board of Directors will contact the respective Member/Affiliate to discuss this matter.
9. In addition, the IPF retains the right to review its membership fee structure by, but not limited to, allocating a proportionate share of fees to members based on each Members transaction volumes through the IPF. If the Board of Directors wishes to execute this right, it will request an according approval for which a 2/3rd majority of the votes cast by the IPF membership is required.

9.2 Interest, Ownership, and Distributions

1. No Member/Affiliate shall be entitled to interest on its membership fee or a return of its membership fee.

2. All Members/Affiliates shall be entitled to a pro rata interest in the IPF regardless of the amount of the Member/Affiliate's membership fee.
3. Except as otherwise provided in Section 23.0, distributions of cash or other assets of the IPF to the Members/Affiliates may only be made in proportion to their respective pro rata interests in the IPF as a Member or Affiliate and by an affirmative vote of the absolute majority of the IPF membership.

10.0 Meetings of Members

10.1 Meetings

10.1.1 Annual Meeting of Members

1. The IPF Board of Directors shall call an annual meeting of Members, where both Members and Affiliate Members will attend, not later than 6 months after the end of each fiscal year of the IPF for the purposes of:
 - a. Receiving the financial statements of the IPF for the preceding fiscal year and the report of the auditor thereon;
 - b. Electing Directors;
 - c. Considering and approving, upon a recommendation thereto of the Rules Committee, rule change proposals;
 - d. Considering any other matter respecting the operations of the IPF, as recommended by the Board of Directors.
2. The IPF membership shall, at each Annual Meeting of Members, appoint an auditor to hold office until the close of the next Annual Meeting of Members.
3. The Chair of the Board shall preside over the Annual Meeting of the Members. In the absence of the Chair, the Vice Chair shall preside over the Annual Meeting of the Members.
4. The Board of Directors shall appoint such individuals as they deem necessary to assist with the Annual Meeting of the Members.

10.1.2 Special Meetings of Members

1. Special meetings of the Members, where both Members and Affiliate Members will attend, shall not be required in order to conduct the affairs of the IPF or to take any action with respect thereto; provided that special meetings of the Members for any purpose (including, but not limited to, changes greater than 10% to the IPF's operating and/or capital budget) may be called by the IPF Board of Directors or a number of Members representing at least 10% of the total number of Members.
2. The Chair of the Board shall preside over the Special Meeting of the Members. In the absence of the Chair, the Vice Chair shall preside over the Special Meeting of the Members.
3. The Board of Directors shall appoint such individuals as they deem necessary to assist with the Special Meeting of the Members.

[Note: we expect that in the beginning (when IPF is not yet mature) there likely will be a need that Members/Affiliates meet at least on a quarterly basis]

10.2 Place of Meetings

1. The IPF Board may designate any place as the place of meeting for any meeting of the Members. If no designation is made, the place of meeting shall be the principal place of business of the IPF.
2. Meetings of the Members shall be held in-person, but also may be held by means of such telephonic, electronic or other communications facilities that permit all persons participating in the meeting to communicate adequately with each other during the meeting. This requires that such meetings be held at hours that are reasonable for persons participating not in-person. Such participation shall constitute presence in person at the meeting.

10.3 Notice of Meetings

1. Written notice stating the place (where appropriate), day and hour of the meeting, and the purpose or purposes for which the meeting is called shall be delivered not less than 30 days before the date of the meeting.

10.4 Meeting of All Members

1. If all of the Members shall meet and consent to the holding of a meeting at such time and place, such meeting shall be valid without call or notice, and at such meeting lawful action may be taken.

10.5 Quorum

1. At any meeting of the Members the presence of a simple majority of the IPF membership, shall constitute a quorum.
2. When a quorum is present at any meeting, the vote by not fewer than a majority of the IPF membership present shall be the act of the IPF membership.

10.6 Proxy

1. At all meetings of Members, a Member/Affiliate's Representative may vote in person or by proxy. Such proxy shall be filed with the IPF corporate secretary before or at the time of the meeting.
2. No Member/Affiliate's Representative is allowed to have proxies of more than 25% of the membership total at a single meeting of the Members.

10.7 Action by Members without a Meeting

1. Action required or permitted to be taken at a meeting of Members may be taken without a meeting if the action is evidenced by one or more written consents, signed by the IPF membership holding not less than the number of votes required to approve the matter in question at a meeting.

10.8 Waiver of Notice

1. When any notice is required to be given to any Member/Affiliate, a waiver thereof in writing signed by the entity entitled to such notice shall be equivalent to the giving of such notice.

11.0 Board of Directors

11.1 Powers and Authority

1. The Board of Directors shall direct, manage and control the affairs and operation of the IPF subject to the terms of the IPF Governance Charter. In performing these duties, the Board of Directors may:
 - a. Submit to the Members any question or matter that requires their approval;
 - b. Fill a vacancy in the office of auditor or IPF Executive Management;
 - c. Terminate the employment of any employee appointed by the Board, unless the termination is for cause; or
 - d. Approve the on-boarding of new currencies and/or countries based on objective and transparent criteria as defined in this charter;
 - e. Approve the on-boarding of a new Member/Affiliate based on objective and transparent criteria as defined in this charter; *[Note: check from antitrust perspective]*
 - f. Terminate the membership of a Member/Affiliate or suspending one or more of their rights;
 - g. Establish Board subcommittees on an as-needed basis;
 - h. Approve any financial statements or the operating or capital budgets to be submitted to the members for consideration at the meeting of members;
 - i. Authorize the borrowing of money on the credit of the IPF, unless the borrowing is of a temporary nature to meet day-to-day requirements.
 - j. Make financial decisions in respect of the IPF for an amount equal or less than *[\$50,000.00]*. Where a decision in respect of the IPF has a financial impact greater than *[\$50,000.00]*, the approval of all Members must be sought and received.
 - k. Consider and act on any other matter respecting the operations and affairs of the IPF subject to the following section.
2. The Board of Directors shall have full and complete authority, power and discretion to manage and control the operation, affairs and properties of the IPF, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the IPF's operation, except in the following situations:
 - a. Those in which the approval of the Members is expressly required herein;
 - b. Those in which an action by the majority of the Members has expressly limited the authority, power or discretion of the Board of Directors; and
 - c. Where limited by non-waivable provisions of the Charter.
3. Where a decision in respect of the IPF has a financial impact greater than \$X.00, a two-signature policy will be applied.

11.2 Rights and Obligations

1. In addition to the duties imposed by subsection 11.1, directors shall, in exercising their powers and performing their duties:

- a. Disclose their interest in any material contract or proposed material contract with the IPF, or in any other material matter if they have a reasonable possibility of conflict of interest;
- b. Make reasonable efforts to attend the meetings of the Board and of the committees of which they are members; and
- c. Comply with the relevant provisions of the IPF Governance Charter and any other requirements that impose obligations on the directors as directors.
- d. No Director shall be required to direct the IPF in his or her capacity as such individual's sole and exclusive function. Each Director may have other business interests and engage in activities in addition to those relating to the IPF. Neither the IPF nor any Member shall have any right, by virtue of the IPF Governance Charter, to share or participate in such other investments or activities of a Director or to the income or proceeds derived therefrom. Nothing contained in this Section shall be in derogation of any Director's duties under any separate agreement between such Director and the IPF.

11.3 Composition

1. The IPF Board of Directors shall comprise of nine (9) directors elected by the Members.
2. The nine-member Board of Directors shall comprise the following:
 - a. Up to five (5) representatives of regulated financial institutions;
 - b. Up to two (2) representatives of clearing and settlement mechanisms; and
 - c. Up to two (2) representatives of either regulated financial institutions, clearing and settlement mechanisms, and/or any other entity that is eligible under section 7.2.1 to be a Member of the IPF as per the Membership criteria for Members set out in section 7.3.1.
3. A Member may be represented by no more than one Director on the Board.

11.4 Balanced Representation

1. The Board of Directors' composition shall adequately reflect a balanced representation of the IPF membership whereby both countries and currency zones shall be sufficiently reflected in the composition.

11.5 Election of Directors

1. Directors shall be elected by a majority of the votes cast by the IPF membership. Every Member is entitled to vote for the directors representing the class (as described in section 11.3.1 and 11.3.2) to which the Member belongs, and may cast the number of votes that the Member is entitled to cast (i.e. multiplied by the number of directors of that class to be elected).
2. Directors shall be elected to hold office for a term of three (3) years. A Director may serve no more than three (3) consecutive terms.*
3. Directors' terms shall be staggered.

** Until such time as the IPF Membership grows to [30] number of Members, there shall be no limit in the number of consecutive terms that may be served by a Director.*

11.6 Director Eligibility

1. To be eligible to hold office as a member of the IPF Board, the representative must be a director, an officer, an employee, or employed in any capacity by a Member of the IPF.

11.7 Disqualifications

1. Where a Member is represented on the Board by a Director, no representatives of affiliated corporate bodies may be elected to the Board during that Director's term. A corporate body is affiliated with another corporate body if:
 - a. One of them is the subsidiary of the other; or
 - b. Both are subsidiaries of the same corporate body; or
 - c. Each of them is controlled by the same entity/person.
2. In paragraph 1 (c), "control" means control in any manner such as, but not limited to, directly through the ownership of securities or indirectly through a trust, agreement or arrangement, the ownership of any corporate body or otherwise.

11.8 Remuneration of Directors

1. A Director elected to the IPF Board shall be paid by the IPF such remuneration as may be fixed by the Board.

11.9 Resignation

1. A Director may resign at any time upon providing written notice to the Members. Such notice shall be effective when received by the majority of the Members.
2. Where a Director resigns, the Member represented by the resigning Director may appoint a new representative to the Board provided that such new representative complies with the eligibility criteria under section [\[11.6\]](#). Such new representative should be similarly qualified and positioned within the Member organisation as the resigning Director.
3. Where a Member represented on the Board ceases to be a Member of the IPF, the Director's seat shall remain vacant until the next election, unless otherwise specified by the Board of Directors.

11.10 Removal of Director

1. A Director ceases to be a Director when:
 - a. The director's term expires;
 - b. The director is recalled by a resolution of the IPF membership as per the following:
If a resolution passed by 2/3 of the Members of a class (as described in section 11.3.1 and 11.3.2) who are present at a special meeting of members of that class called to consider the recall of a director elected by that class, then that director ceases to be a director of the IPF at the time notice of the resolution is given to the director or at any other time that may be fixed by the Members of that class.

- c. The director ceases to meet the eligibility requirements to be a director set out in section 11.5 and 11.6.
- d. The director resigns as per section 11.9; and/or
- e. The director dies.

11.11 Vacancies

1. A vacancy occurring for any reason in the number of Directors shall not prohibit the taking of any action as authorized in the IPF Governance Charter by the Board of Directors if there is still at least one (1) Director.

11.12 Chairperson (“Chair”) and Vice Chair

1. The IPF membership shall elect the Chairperson (“Chair”) and the Vice Chair of the Board to hold office for a term of 3 years.
2. The Chair of the Board shall preside over the IPF Board meetings. In the absence of the Chair, the Vice Chair shall preside over the IPF Board meetings.

11.13 Regular Meetings

1. The Board shall establish a schedule of its regular meetings and shall send a copy of the resolution fixing the day, time and place of the regular meetings to each director.
2. Additional Board meetings may be held as needed.
3. Meetings shall be held in-person, but also may be held by means of such telephonic, electronic or other communications facilities that permit all persons participating in the meeting to communicate adequately with each other during the meeting. This requires that such meetings be held at hours that are reasonable for persons participating not in-person. Such participation shall constitute presence in person at the meeting.

11.14 Request for Meeting

1. If any three directors request in writing that the Chair call a meeting, the Chair shall without delay notify the other directors of the request and its subject-matter and call a meeting of the Board within [14] days after receiving the request to consider the matter specified in it.

11.15 Contents of Notice

1. In addition to the day, time and place, the notice shall specify the purpose of or the business to be considered at the meeting if the meeting is being called.

11.16 Meeting without Notice

1. The Board may, without notice, hold a meeting immediately following a meeting of members at which directors are elected.

11.17 Quorum

1. A quorum for any meeting of the Board consists of at least three Board members being present and at least five Board members being present or represented through a power of attorney to one of the other Board members.

11.18 Voting

1. Every question put to a vote at a meeting of the Board is, unless otherwise required by applicable laws, decided by a majority of the votes cast.
2. A Director's abstention shall not be considered a vote.
3. In the event of a tie vote on any matter before the IPF Board at a meeting of the Board, the Chair or, in the absence or incapacity of the Chair, the Vice Chair, may cast a second vote to break a tie.

12.0 Executive Management

12.1 Appointment of Executive Management

1. The Board of Directors shall have the option to appoint the following Executive Managers to the IPF's Executive Management:
 - a. General Manager;
 - b. Treasurer;
 - c. Corporate secretary;
 - d. Other officers, as needed.
2. Executive Managers shall hold office for a term of two (2) years. Terms shall be staggered. An Executive Manager may serve no more than three (3) consecutive terms.

12.2 Duties and Powers

1. The Chair, on behalf of the Board, shall be responsible for the direction and management of the business of the IPF with authority to act in all matters that are not provided by the IPF Governance Charter or by resolution of the Board specifically reserved to be done by the Board, or the Members.
2. Any decision made by the Executive Management team in respect of a power delegated to it by the Board is subject to review by the Board, and the decision of the Board on the matter is final.
3. No Executive Manager shall be required to manage the IPF in his or her appointed management capacity as such individual's sole and exclusive function. Each Executive Manager may have other business interests and engage in activities in addition to those relating to the IPF. Neither the IPF nor any Member shall have any right, by virtue of the IPF Governance Charter, to share or participate in such other investments or activities of an Executive Manager or to the income or proceeds derived therefrom. Nothing contained in this Section shall be in derogation of any Executive Manager's duties under any separate agreement between such Executive Manager and the IPF.

4. The Executive management shall procure that the IPF maintains and preserves complete and accurate books of account of the IPF's affairs and other IPF documents relevant for the running of IPF affairs and operations at the IPF's principal office. Subject to Section 8.8, such books shall be open to inspection by any Member (or its authorized representative) at any time during ordinary business hours upon at least ten (10) business days' prior notice.

12.3 Remuneration of Directors

1. Executive Managers shall be paid by the IPF such remuneration as may be fixed by the IPF Board of Directors.

12.4 Executive Management Support

1. The Board of Directors may approve a recommendation of the Executive Management team to, where appropriate, hire staff or contract services to support the administration of the IPF.

12.5 IPF Indemnification

1. Unless authorized to do so by the IPF Governance Charter or by the Board of Directors to act as an agent of the IPF, no attorney-in-fact, employee or other agent of the IPF shall have any power or authority to bind the IPF in any way, to pledge its credit or to render it liable for any purpose.

12.6 Resignation

1. An Executive Manager may resign at any time upon providing written notice to the Members. Such notice shall be effective when received by the majority of the Members.

12.7 Removal of Executive Manager

2. An Executive Manager ceases to be a Executive Manager when:
 - a. The Executive Manager 's term expires;
 - b. The Executive Manager is recalled by a resolution of 50% as per the following:
If a resolution passed by a majority of the Board of Directors, then that Executive Manager ceases to be an Executive Manager of the IPF at the time notice of the resolution is given to the Executive Manager or at any other time that may be fixed by the Board of Directors.
 - c. The director resigns as per section 12.6; and/or
 - d. The director dies.

12.8 Vacancy

1. A vacancy occurring for any reason in the Executive Management team shall not prohibit the taking of any action as authorized in the IPF Governance Charter, by the Board of Directors, and/or the executive Management if there is still at least one (1) Executive Manager.

12.9 Meetings

1. The Chair shall establish a schedule of the Executive Management team's regular meetings and shall send a copy of the resolution fixing the day, time and place of the regular meetings to each Executive Manager.
2. Additional meetings may be held as needed.
3. Meetings shall be held in-person, but also may be held by means of such telephonic, electronic or other communications facilities that permit all persons participating in the meeting to communicate adequately with each other during the meeting. This requires that such meetings be held at hours that are reasonable for persons participating not in-person. Such participation shall constitute presence in person at the meeting.

12.10 Quorums

1. A quorum for any meeting of the Executive Management consists of the Chair and a majority of the other Executive Managers.

12.11 Voting

1. Every question put to a vote at a meeting of the Executive Management is, unless otherwise required by applicable laws, decided by a majority of the votes cast.
2. In the event of a tie vote on any matter before the Executive management, the Chair may cast a second vote to break a tie.

13.0 Rules Committee

13.1 Role of the Rules Committee

1. The IPF has established an IPF Rulebook which describes the agreed rules and operating procedures for the processing of IPF transactions. The role of the Rules Committee is twofold:
 - a. Administration & Compliance
 - b. Development & Evolution
2. The administration & compliance function establishes business rules, standards and procedures for administering the adherence process for the IPF and deals with cases of claimed non-compliance with the rules and procedures of the IPF. The Rules Committee also resolves disputes between Members and Affiliates related to the IPF business rules, standards and procedures in case the parties involved fail to resolve the matter bilaterally or multilaterally (as described in section [\[25.0\]](#)). The administration and compliance function shall be fair and transparent and in accordance with the Rulebooks and general principles of applicable law.
3. The Rules Committee also establishes the change management procedures for the framework. These procedures aim to ensure that the framework is kept relevant and up-to-date for the Members and Affiliates, with structured processes for initiating and implementing

changes to the framework and its applicable rules and operating procedures. The development & evolution function provides a structured and transparent means through which Members and Affiliates can individually or collectively suggest rule change proposals. The Rules Committee coordinates the process and performs the evaluation of such proposals and ensures the transparency of the change management process.

4. The development & evolution function also includes the process towards the on-boarding of countries and/or currencies as described in [\[Annex C\]](#).

13.2 Duties and Powers

1. For matters related to the administration & compliance function, the Rules Committee can autonomously decide on the matter. An example thereof is the decision on a matter of claimed non-compliance. Another example is the decision on how to resolve a dispute between Members and Affiliates related to the IPF business rules, standards and procedures.
2. For matters related to the development & evolution function, the Rules Committee shall only have recommendation rights. This means that, after the committee members having reached a joint agreement on a particular matter within its scope, the committee will submit the outcome to the respective governance body for formal decision making. An example thereof is a recommendation on a rule change proposal to the meeting of Members.

13.3 Composition

1. The Rules Committee shall be composed of such number of persons originating either from Members or Affiliates as the Rules Committee deems adequate to fulfil its duties. At least the (absolute) majority of the committee members shall originate from a Member (i.e. Bank or CSM). The Rules Committee composition shall adequately reflect the international representation of the IPF membership whereby both countries and currency zones shall be sufficiently reflected in the composition.
2. A committee member cannot be a member of the IPF Board of Directors at the same time. Such member can however originate from the same member organisation as one of the Board of Directors members.
3. The committee members shall be appointed upon an absolute majority of the votes cast by the IPF membership. The committee members will serve a maximum of three (3) consecutive two year terms. To ensure continuity within the committee, these terms will expire at six (6) month intervals after the first year.

13.4 Meetings

1. The Rules Committee shall meet on a quarterly basis. Additional meetings can be convened upon the request of one of the committee members. Meetings shall be held in-person, but also may be held by means of such telephonic, electronic or other communications facilities that permit all persons participating in the meeting to communicate adequately with each other during the meeting. This requires that such meetings be held at hours that are reasonable for persons participating not in-person. Such participation shall constitute presence in person at the meeting.

13.5 Quorum

1. A valid meeting of the Rules Committee can only be held if at least two (2) of its members are present and at least a majority of its members are present or duly represented.

13.6 Voting

1. Decision making within the Rules Committee shall require an absolute majority of the votes cast in a meeting of the Rules Committee.
2. Annex [X] describes in more detail the procedures the Rules Committee shall adhere to in the execution of its assigned roles.

14.0 Nominating Committee

14.1 Role of the Nominating Committee

1. The Nominating Committee is responsible for preparing and issuing the nomination of candidates for several governance bodies within the IPF. Such nomination shall always be prepared within 8 weeks after the Committee having received a formal nomination request. The nomination shall include a list of potential candidates specifying per candidate: profession, relevant current or past positions and a summary of relevant qualifications.

14.2 Duties & Powers

1. The Nominating Committee can only make recommendations through its nominations which shall under no circumstance have a binding nature. The committee can nominate members for the following governance bodies:
 - a. Board of Directors
 - b. Executive Management
 - c. Rules Committee
 - d. Dispute Resolution Committee (non rule related disputes as described in section [25.0])

14.3 Composition

1. The Nominating Committee shall be composed of five (5) persons all originating from (voting) Members in the IPF: four (4) of which shall originate from a Bank member and one (1) of which shall originate from a CSM member. Similar to the Rules Committee, the Nominating Committee composition shall adequately reflect the international representation of the IPF membership whereby both countries and currency zones shall be sufficiently reflected in the composition. The first Nominating Committee shall be composed of five (5) project team members who shall be appointed upon an absolute majority of the votes cast by the (voting) Members.
2. On an ongoing basis the Nominating Committee shall be composed of the chairman, the prior chairman and three (3) other Board of Directors members. These three other committee members shall be appointed upon an absolute majority of the votes cast by the IPF

membership. The three other committee members will serve a maximum of three (3) consecutive three (3) year terms. To ensure continuity these terms will be staggered.

14.4 Meetings

1. After having received a formal nomination request from the IPF's corporate secretary, the Nominating Committee shall at least meet once to discuss and prepare a nomination. Meetings can also be convened upon the request of one of the committee members without a nomination request: e.g. in anticipation of a future nomination to be prepared or to discuss the functioning of the committee.
2. Meetings shall be held in-person, but also may be held by means of such telephonic, electronic or other communications facilities that permit all persons participating in the meeting to communicate adequately with each other during the meeting. This requires that such meetings be held at hours that are reasonable for persons participating not in-person. Such participation shall constitute presence in person at the meeting.

14.5 Quorums

1. A valid meeting of the Nominating Committee can only be held if at least two (2) of its members are present and at least three (3) of its members are present or duly represented.

14.6 Voting Procedures

1. Decision making within meetings of the Nominating Committee shall require an absolute majority of the votes cast.
2. Annex [X] describes in more detail the procedures the Nominating Committee shall adhere to in the execution of its assigned roles.

15.0 Advisory Councils

15.1 Role of the Advisory Councils

1. Advisory Councils can be formed by Members and/or Affiliates which aim to provide advice or recommendations to the IPF or any of its governance bodies on subject matters affecting these Members and/or Affiliates. An Advisory Council can e.g. suggest strategic initiatives to the Board of Directors or rule change proposals to the Rules Committee.

15.2 Duties & Powers

1. Advisory Councils shall have recommendation rights only.

15.3 Composition

1. An Advisory Councils can be formed representing 2 or more Members and/or Affiliates on a particular subject matter which can e.g. be related to geography, business function or role. The Advisory Council itself can decide which rules apply for its composition.

15.4 Meetings, Quorum & Voting procedures

1. The Advisory Council itself can decide which rules apply for its meetings, quorum and voting procedures.

16.0 Other Workgroups or Committees

16.1 Role of the Other Workgroups or Committees

1. The currently existing workgroups (i.e. Marketing & Communications, Rules & Governance and Operations & Settlement) shall continue to exist until such point in time that the IPF Members decide to cancel any or all of them. During their existence, these workgroups can also be amended in composition or scope upon the guidance of the IPF Members.
2. Additional workgroups or committees can be established either by the Board of Directors or the IPF Members. Upon establishment, the specific aims and roles of such new workgroup or committee need to be determined clearly and transparently. The Board of Directors and the IPF Members are committed to ensure the efficient functioning of the IPF and shall only establish such new workgroups or committees to support the efficiency of the IPF.
3. If Members wish to set up an additional workgroup or committee they shall submit a request thereto to the Board of Directors. Such request shall also include the charter for such workgroup or committee which shall, amongst others, include the objectives, composition and working procedures of such workgroup or committee. Additional workgroups or committees can only be established upon the approval of the Board of Directors of the creation and the charter of such workgroup or committee.

16.2 Duties & Powers

1. The currently existing workgroups and any newly established workgroups or committees shall have recommendation rights only.

16.3 Composition

1. Upon establishment each new workgroup or committee needs to determine clear and transparent guidelines for its composition.

16.4 Meetings, Quorum & Voting procedures

1. Upon establishment each new workgroup or committee needs to determine clear and transparent guidelines for its meetings, quorum and voting procedures.

17.0 Liability of the IPF

1. The IPF, its agents, employees or the employees of its agents shall not be liable for anything done or omitted in the exercise of any direction under this Charter, the Rulebook(s) or other IPF procedures unless it is shown that the act or omission was effected in bad faith.
2. The IPF, its agents, its employees and the employees of its agents shall not be liable for any indirect or consequential losses.

[Notes:

**) For avoidance of doubt: check with Dick Fraher and make sure member organisations are protected if somebody seeks damages related to anything done or omitted by the IPF or persons in its governance bodies (also if such person is employee of the member organisation).*

**) Include in chapter 8 (Members/Affiliates), to the extent possible under the LLC, member protection against claims against the IPF. Also include member vs. member and member vs. IPF.]*

**) Bylaws will address officer's liability insurance: As from the date of this Agreement an officer's liability insurance with sufficient coverage for the members of the Board of Directors and the Executive Management shall be taken out by the IPF. Premiums and costs in respect of such insurance shall be borne by the IPF.*

**) Bylaws will address what happens in case of insolvency of the IPF.*

18.0 Intellectual Property

1. Each of the IPF Members shall maintain all right, title, and interest in and to its Intellectual Property. Each of the Members shall affirmatively and promptly disclose to the Executive Management the existence and general nature of:
 - a. Any Intellectual Property it owns that is closely related to the then-current activities of the IPF or those activities discussed by the IPF that have been disclosed to the Members; and/or
 - b. Any Intellectual Property it owns prior to the incorporation of such Intellectual Property into IPF Intellectual Property. The IPF will not knowingly incorporate a Member's Intellectual Property into IPF Intellectual Property without the consent of the Member.
2. Any and all right, title and interest in Intellectual Property created or developed by or on behalf of the IPF shall be owned by the IPF ("IPF Intellectual Property") and considered to be works made for hire. In the event that it should be determined that any such IPF Intellectual Property is not a work made for hire, all right, title and interest in such IPF Intellectual Property shall be assigned to the IPF or, if not assignable, the IPF shall be granted a perpetual, irrevocable, fully paid up, royalty free, transferable, sub licensable, worldwide right and license to use, reproduce, distribute, display and perform, prepare derivative works of and otherwise modify such Company Intellectual Property.
3. Each Member agrees that it shall not seek or assert any Intellectual Property rights in or to any IPF Intellectual Property. As of the date of the effective date of this Agreement, it is not the intention of the IPF to sell or license IPF Intellectual Property to another Entity. Upon dissolution of the IPF, IPF Intellectual Property shall be distributed in accordance with [XXX].

[Note:

**) Text above is copied from the current LLC agreement. For the LLC agreement an interim license agreement has been added recently. Check with Dick Fraher if we need something similar to be reflected in this section?]*

19.0 Budget & Funding

1. The fiscal year for the IPF is the calendar year. Each year the Board of Directors will submit an operating budget and a capital budget for the next fiscal year for approval at a Meeting of Members which will be held no later than at the end of the 2nd quarter. The operating and capital budgets of the IPF for that fiscal year must identify gross and net direct operating costs, indirect costs and development costs. The operating and capital budget shall also include a calculation of the proposed membership fee as described in [\[section 9.1 Membership Fee\]](#). The Board, in establishing the IPF's operating and capital budgets for any fiscal year, may include amounts for reserves in its costs.

[Note: the membership will vote on the membership fees at the latest by the end of Q3. Is this ok for the Members/Affiliates (since they might need this for their internal budgeting)?]

2. Where the operating and/or the capital budget(s) for the IPF are submitted to the Members at a Meeting of Members, every Member is entitled, on a resolution to approve or amend the budget(s) or any part thereof, to one vote. The approval of the budget requires a 2/3 majority of the votes cast by the IPF membership.
3. The Members may, when approving the capital budget, authorize the Board to make, subject to any terms that the Members set out in the resolution approving the budget, minor variations in the capital budget.
4. Non-recurrent expenditures over and above 5% of the budget total, which have not been included in the budget, may be submitted by the Board of Directors on a case by case basis and are to be approved by the IPF membership with a 2/3rd majority of the votes cast by the IPF membership.
5. The Board of Directors will submit financial reports on a quarterly basis to the IPF membership. The Annual Accounts will be submitted by the Board of Directors for approval by the IPF membership.

20.0 Secretariat

1. The role of the IPF Secretariat is to support the activities of the IPF in general and the activities of the Board of Directors and the Executive Management in particular. The nature of these support activities is primarily facilitating and administrative and shall include, amongst others, the following tasks:
 - a. Sending and receiving formal communications from and to the IPF; and
 - b. Supporting the meetings of the IPF membership, the Board of Directors, the Executive Management and Committees or Workgroups within the IPF; and
 - c. Administrating the IPF Database.
2. The IPF Secretariat is funded through the budget of the IPF.

21.0 Database Administration

1. The IPF will maintain a central database which contains relevant information of its Members and Affiliates as well as the Countries and Currencies as deemed useful by the IPF membership.

22.0 Offices

1. The registered offices of the IPF shall be located at [address, country]. The Members of the IPF may decide to move the offices of the IPF to another location or to open IPF branch offices in [the US] or abroad.
2. Any changes of the registered offices shall be published in accordance with the applicable laws and regulations. The IPF Secretariat shall notify the Members and Affiliates of such changes in writing.

23.0 Termination / Unwinding

1. The IPF is in principle established for perpetuity, but can be terminated or unwound if desired by the membership. A decision to terminate the IPF requires a 3/4th majority of the votes cast by the IPF membership.

24.0 Notices

1. All notices or other communication under or in connection with this IPF Charter shall be in writing and may be sent by registered mail, courier, fax or pdf letter via email. Such notice or communication shall be effective upon receipt and evidenced by confirmation of receipt (registered mail or courier), transmission report (fax) or the absence of a delivery failure notification (pdf via email).
2. The notice addresses of the parties shall be as specified in Annex [X].

25.0 Arbitration & Disputes

1. Within the IPF the following three layers of dispute resolution exist:
 - a. Bilateral / Multilateral dispute resolution (without IPF involvement)
 - b. Dispute resolution by the IPF:
 - (i) For matters related to the framework business rules, standards and operating procedures
 - (ii) For matters not related to the framework business rules, standards and operating procedures
 - c. Arbitration
2. In case a dispute arises between two or more Members or Affiliates, the relevant parties shall use all reasonable efforts to resolve the matter between them using the contractual framework as a basis for discussion. If a Member, Affiliate or Participant gives another Member, Affiliate or Participant notice that a dispute has arisen and the parties are unable to resolve the dispute within thirty days of service of the notice, and provided that the monetary value of the dispute is no less than [25,000 EUR], the dispute shall be referred to the Executive Management of the IPF by the party which gave the initial notice relating to the dispute. Such notice that a dispute has arisen can only be given by a party within 3 months after such party having acquired knowledge about the facts and/or circumstances giving rise to the dispute.
3. The Executive Management of the IPF shall assess whether the dispute is related to the business rules, standards and operating procedures of the framework or not. If the former is

the case, the dispute shall be referred for resolution to the Rules Committee in accordance with the applicable procedures thereto. If the latter is the case, the dispute shall be referred for resolution to a subcommittee of 3 members of the Board of Directors. These members may not be directly involved in the dispute and shall be appointed by the Board of Directors upon a nomination thereto by the Nominating Committee. Upon receipt of such referral, the Rules Committee or the subcommittee of the Board of Directors shall take all reasonable steps to resolve the dispute by means of mediating between the parties to the dispute.

4. No party shall resort to arbitration against another party or parties until thirty days after the referral of the dispute to the Rules Committee or the subcommittee of the Board of Directors.
5. Unless the parties to the dispute agree otherwise, any dispute which is unresolved thirty days after the referral of the dispute shall be referred to external arbitration. Subsequently, three arbitrators shall be appointed who shall have good knowledge of common industry practice concerning the scope of the IPF. The arbitral proceedings and all documents delivered shall be in the English language. If any of the parties to the dispute does not agree with the decision of the arbitrators, this party can take the matter to the respective court.
6. All Members or Affiliates shall waive any right to refer points of law, or to appeal, to the courts in relation to any dispute.

[Note: the excerpt on Discipline and Sanctions (see email Lauren) is not copied into the charter. This should be addressed somewhere else]

26.0 Governing law & Jurisdiction

1. The IPF Charter shall be governed by and construed in accordance with the laws of *[the US]*.

27.0 Amendments to the IPF Charter

1. Amendments to this charter can be made and require a 3/4th majority of the votes cast by the IPF membership. The IPF membership shall also decide on the date on which the amendments shall come into force. The IPF shall commit to take all actions in accordance with the requirements imposed by the applicable law(s) in the case of amendments to the IPF Charter.

[Note for the lawyers: please check if the charter contains sections which from a flexibility/change management perspective should rather be moved to other IPF document(s)]

ANNEX [A]: NOTICE ADDRESSES

Organisation	
ABN AMRO Bank, N.V.	
Camara Interbancaria de Pagamentos (CIP)	
Canadian Payments Association	
Clear2Pay Americas Inc.	
Equens SE	
Eurogiro Holding A/S	
Federal Reserve Bank of Atlanta	
Fifth Third Bank, an Ohio banking corporation	
J.P. Morgan Chase Bank, N.A.	
National Automated Clearing House Association	
National City Corporation	
PayPro, Inc.	
SECB Swiss Euro Clearing Bank GmbH	
Standard Bank of South Africa	
Standard Chartered Bank	
S.W.I.F.T SCRL	
The Clearing House Payments Company LLC	
U.S. Bancorp	
VocaLink Ltd	
Wachovia Bank, N.A.	
Wells Fargo Bank, N.A.	
World Savings Banks Institute	
Zion's Bancorporation	

[Fill in: address, zip code, country, telephone, fax, email]

ANNEX [B]: Definition IPF CSM

What is an IPF Clearing and Settlement Mechanism?

An IPF Clearing and Settlement Mechanism (CSM) allows IPF Members or their branches to clear and settle payment transactions made between them.

Clearing is the process of transmitting, reconciling, and confirming payments of different types and the establishment of a final position for settlement either on an individual transaction basis or on a periodic basis for aggregated or netted positions.

Settlement is an act that discharges the obligations created through the clearing process with respect to liabilities between participating Scheme Members. Settlement may be carried out in central bank money across the books of a central bank or in commercial bank money across the books of a commercial bank. The mode of settlement will be determined according to the rules and/or procedures of a particular CSM.

IPF CSMs may include the services of a mechanism such as an automated clearing house or other mechanisms such as intra-bank and intra-group arrangements and/or facilitate the bilateral or multilateral agreements between banks. The IPF is neutral as to the business and technical architecture and components of individual IPF CSMs.

[Notes:

- *) The last sentence of the first paragraph has been deleted based on alignment with Dick Fraher.*
- *) Dick also noted the following on the CSM definition: if we borrow the term "CSM" from the EPC's documents, we are going to have to be perfectly clear about the fact that our usage of that term is NOT exactly the same as the EPC's usage. Our meaning of "CSM" will be less inclusive than the EPC's usage insofar as we will include only non-bank entities that perform clearing/settlement functions with reference to the definitions of "clearing" and "settlement" (so we will exclude in all likelihood two or three of the categories of CSMs that are listed in the SEPA document). At the same time, our definition of a CSM will need to be more inclusive than the EPC's usage, because we will include as "CSMs" in the IPF entities such as EPN, CIP, and CPA that are not SEPA or PE-ACH compliant ACH operators. So we will have somewhat different categories of CSMs than the SCT envisions, simply because the EPC and SEPA do not address the existence of ACH operators outside of SEPA-land.*
- *) It has been suggested to use the term "IPF CSM" thereby making it explicit that this is something else than the CSM as defined in EPC's PE-ACH/GSM Framework.]*

ANNEX [C]: On-boarding new currencies / countries

On-boarding of New Currencies

ELIGIBLE CURRENCIES

Approval of Eligible Currencies

The Board of Directors shall designate currencies as Eligible Currencies upon a recommendation thereto from the Rules Committee.

Eligibility Criteria

The International Payments Framework envisages any currency and by that, any country or region, benefiting from the rules and standards articulated by the IPF. However to ensure maximum benefit, countries or regions should meet certain criteria and ensure compliance with the laid out rules and standards. The Board of Directors in its sole discretion may designate a currency as an Eligible Currency only if such currency satisfies each of the following criteria:

- (a) The IPF has received a written request by two or more IPF members to designate such currency as an Eligible Currency;
- (b) The IPF has received indications from at least two institutions (or such fewer number as the Board of Directors shall expressly approve) of willingness to utilize the IPF framework for such currency on terms IPF in its sole discretion considers commercially acceptable;
- (c) The IPF membership has determined to its satisfaction that the currency's relevant payment system(s) would meet IPF requirements for designation as an Approved Payment System, including opening hours that sufficiently overlap with the Settlement Period for all Eligible Currencies;
- (d) The IPF has deemed reasonable the cost of inclusion of such currency;
- (e) The IPF has determined that adequate risk reduction would result from the designation to justify the investments necessary to include such currency;
- (f) The IPF has determined that any exchange restrictions or similar conditions on the transferability of such currency are acceptable to IPF members;
- (g) The IPF has determined that the convertibility, liquidity and historical volatility of such currency, the stability of the banking system and rule of law applicable in the jurisdiction of such currency, and other mitigating issues are acceptable to the IPF;
- (h) The IPF has received a legal opinion in form and substance satisfactory to the IPF addressing the ability of country and currencies can adhere to the IPF Rulebook; and
- (i) The IPF has determined that there is legislation or regulation (or equivalent) in the jurisdiction of the currency that provides for adherence to the IPF Rulebook.

On-boarding of New IPF Countries

ELIGIBLE COUNTRIES

Approval of Eligible Countries

The Board of Directors shall designate countries as Eligible Countries upon a recommendation thereto from the Rules Committee. The Board of Directors may consider all countries within a region when deeming a country eligible.

Eligibility Criteria

The Board of Directors in its sole discretion may designate a country as an Eligible Country only if such country satisfies each of the following criteria:

- (a) The IPF has received a written request by two or more IPF members to designate such country as an Eligible Country;
- (b) The IPF has received indications from at least two institutions (or such fewer number as the Board of Directors shall expressly approve) of willingness to utilize the IPF framework for such country on terms IPF in its sole discretion considers commercially acceptable;

- (c) The IPF membership has determined to its satisfaction that the country's relevant payment system(s) would meet IPF requirements for designation as an Approved Payment System, including opening hours that sufficiently overlap with the Settlement Period for all Eligible Currencies;
- (d) The IPF has deemed reasonable the cost of inclusion of such country;
- (e) The IPF has determined that adequate risk reduction would result from the designation to justify the investments necessary to include such country;
- (f) The IPF has determined that any exchange restrictions or similar conditions on the transferability of such currency within the country are acceptable to IPF members;
- (g) The IPF has determined that the convertibility, liquidity and historical volatility of the country, the stability of the banking system and rule of law applicable in the jurisdiction of such country, and other mitigating issues are acceptable to the IPF;
- (h) The IPF has received a legal opinion in form and substance satisfactory to the IPF addressing the ability of country and currencies can adhere to the IPF Rulebook; and
- (i) The IPF has determined that there is legislation or regulation (or equivalent) in the jurisdiction of the country that provides for adherence to the IPF Rulebook.

[Note:

**) the final (legal) documents should reflect that these eligibility criteria should be applied flexibly in the sense that these will be further refined based on actual experience with on-boarding currencies/countries. This means that in reality the IPF may decide to add or delete some of these criteria.*

**) we may want to consider the possibility to temporarily or permanently suspend a currency or country. Members may decide to cease exchanging payments related to 'risky' currencies/countries, but the IPF as such may require this possibility for reasons of reputation or compliance.]*