

**PAYMENTS CANADA**

**STAKEHOLDER ADVISORY COUNCIL**

**TERMS OF REFERENCE**

**1. MANDATE**

The Stakeholder Advisory Council (“the Council”) will provide counsel and advice to the Board of Directors (the “Board”) on payment and clearing and settlement matters and any other matter relating to the objects of Payments Canada.

**2. DUTIES AND RESPONSIBILITIES**

In pursuing its mandate, the Council may, in particular, provide counsel and advice to the Board and Payments Canada Management in relation to:

- (i) **Payments Canada Strategic and Corporate Plans** – providing input on Payments Canada’s strategic direction and forward-looking priorities;
- (ii) **Stakeholder Issues** – identifying and advising on significant and emerging stakeholder issues, reviewing proposed initiatives and identifying any issues of potential concern to payment system users and services providers;
- (iii) **Clearing and Settlement Matters** – highlighting stakeholder perspectives related to Payments Canada by-laws, policy statements and rules; and
- (iv) **Other** – examining any other matter referred by the Board or Payments Canada Management to the Council, as well as items of significant importance to the Council.

The Council will also name individual members to serve on Payments Canada working groups that provide for stakeholder representation. Council members serving on such groups will inform other Council members of developments and issues under discussion, and will report the views of Council members, as well as input from other participants in their sector, to the working group. The Council may recommend further consultative processes to a particular committee/working group or to the Board of Directors. The Council may create working groups to advance the development of counsel and advice to the Board, in accordance with its mandate.

**(a) Reporting**

Annually the Council will submit a work plan for the Board’s approval.

The Chairperson of the Council will prepare and submit an annual report to the Board on the activities of the Council, as soon as feasible after the end of each fiscal year.

Written submissions to the Board or any Payments Canada committee/working group may be prepared by the Council as it deems appropriate. At least twice per year, the Board will invite the Chairperson, accompanied by other Council members as is deemed appropriate, to make presentations to the Board on issues of interest and to discuss written submissions and/or reports.

### **3. MEMBERSHIP**

#### **(a) Composition**

The Council will have a maximum of twenty members, to be appointed by the Board in consultation with the Minister of Finance. The Board will appoint up to two Board directors to be members of the Council. The remaining Members must be broadly representative of users and service providers to payments systems.

A minimum of twelve members will be representatives of payment system users, including at least two consumer representatives, a minimum of one representative of the retail sector, at least two representatives of federal and/or provincial governments, and at least one representative of the treasury/cash management sector. A minimum of one Council member will represent payment service providers.

Aside from the two Board members appointed to serve on the Council, an individual who is a Payments Canada Board member is not eligible to serve on the Council.

#### **(b) Chairperson**

The Council will elect one member to be Chairperson and one member to be Vice-Chairperson of the Council from their number on a majority basis for a term not to exceed two years. The representatives of the Board are not eligible for the office of the Chairperson or Vice-Chairperson, nor are they eligible to vote in the election of the Chairperson or Vice-Chairperson. The Council may re-elect individuals to these positions, but no Chairperson or Vice-Chairperson can serve for more than three consecutive terms.

Payments Canada will circulate a notice to all Council members inviting nominations for the vacant position and explain the nomination process which will be managed by Payments Canada.

A member may nominate themselves or any member of Council, who is not also a Board member.

If only one nomination is received for an office, that member shall be declared elected by acclamation. If more than one nomination is received for an office, members shall be advised of

the nominations received and invited to vote electronically for candidates during an identified voting period. The candidate receiving the larger number of votes shall be declared elected.

A person ceases to be Chair or Vice-Chair when they are no longer a Council member because they resigned, were removed or otherwise ceased to be eligible.

The Chairperson will preside at all meetings of the Council and will perform any other duties that may be required to ensure the proper functioning of the Council. The Vice-Chairperson will act as Chairperson in the absence or incapacity of the Chairperson or, if the office is vacant, until the new Chairperson is elected. In cases where both the Chairperson and the Vice-Chairperson are unable to act as Chair, SAC may elect a member who is not a Board director to chair as many meetings as deemed appropriate by the Council.

The Council Chairperson and Vice-Chairperson should possess the following qualifications:

- Demonstrated leadership;
- Good facilitation skills and ability to influence;
- Previous experience serving as a Chairperson or chairing meetings; and
- Willingness and ability to commit time.

### **(c) Duties of Advisory Council Members**

In performing their duties, the members of the Council will:

- (i) take into account the objects of Payments Canada in support of the broad interests of the overall payments system;
- (ii) fairly represent the stakeholder interest that they were appointed to represent and actively solicit the views of their sector;
- (iii) withdraw from discussion of a particular item in respect of which they have a reasonable possibility of a conflict of interest;
- (iv) submit their resignation if they have been absent without just cause from three consecutive meetings of the Advisory Council; and
- (v) comply with the relevant provisions of the CP Act and Payments Canada By-laws.

### **(d) Nominations**

At least sixty days before the day on which the Council members are to be appointed, Payments Canada will identify the stakeholders, notify them of any vacancies on the Council and invite them to submit nominations for membership on the Council. The notice will set out the requirements for membership on the Council and outline the nomination procedure and selection process. Any person, including a person who has not been invited to submit

nominations, may submit nominations for membership on the Council, if the person complies with the procedures for submitting nominations that are set out in the By-law and in any notice of vacancy issued by Payments Canada, and if the nominees meet the requirements for membership.

There will be an advisory committee on Council nominations consisting of the Chairperson and Vice-Chairperson of the Council or delegate, the two Board directors on the Council and two Payments Canada executives. The advisory committee will review the process for soliciting nominations, review the nominations received and make recommendations to the Committee of the Board delegated with the responsibility for the nomination of directors. The Chairperson or Vice-Chairperson of the Council will be invited to provide counsel and advice to the Committee of the Board on the nominations.

Each nomination will contain the following information and any other information that may be required by the notice:

- (i) contact information of the nominee;
- (ii) a description of the specific industry or group whose interests would be represented by the nominee; and
- (iii) an explanation of how the nominee meets the requirements for membership on the Council.

The Board, in consultation with the Minister of Finance, will evaluate each nomination on the basis of the membership requirements and will:

- (i) take into consideration whether the stakeholder whose interests would be represented by the nominee has other established consultative processes for directly articulating that stakeholder's opinions and perspectives to Payments Canada or to any of its working groups or committees;
- (ii) give preference to nominees who represent stakeholders whose interests are national in scope;
- (iii) with respect to nominees who are representatives of users of payments systems, give preference to those nominees who represent associations, groups, organizations or other entities that represent the interests of a broad constituency or, in the absence of such associations, groups, organizations or other entities, to nominees who represent the interests of a prominent firm within their industry; and
- (iv) with respect to nominees who are representatives of service providers, give preference to nominees who represent associations, groups, organizations or other entities that represent the common interests of the majority of participants in a particular industry or, in the absence of such associations, groups,

organizations or other entities, to nominees who represent the interests of a prominent firm within their industry.

- (v) If the number of qualified nominees exceeds the number of vacancies on the Council, the Board may take into consideration:
  - (1) whether the stakeholder whose interests would be represented by the nominee is already adequately represented on the Council;
  - (2) the business of the stakeholder whose interests would be represented by the nominee and its degree of reliance on the payments system;
  - (3) the level of research and development with regard to payments systems undertaken by the stakeholder whose interests would be represented by the nominee;
  - (4) the nominee's affiliations or experience with international payments systems organizations; and
  - (5) the extent of the nominees expertise and experience.

Within 30 days after the day on which the Board appointed the required number of Council members, Payments Canada will notify the nominees, and the stakeholders who were invited to submit nominees, of the appointments.

### **(e) Attendance at Meetings**

Council members are expected to attend all Council meetings. A member who is unable to attend a particular meeting may designate a substitute, subject to prior approval of the Chairperson. A member may not designate substitutes to attend more than one third of Council meetings held in a calendar year.

The Department of Finance shall be invited to attend all meetings in an observer capacity.

Payments Canada CEO or designated substitute shall attend all meetings in his/her capacity as CEO, and not as a director of Payments Canada. Payments Canada staff may attend meetings as appropriate.

The Chairperson may, with advance notice to the other Council members, invite any person to attend and participate in a meeting.

### **(f) Removal and Vacancies**

On the recommendation of the Chairperson of the Council, the Board may, in consultation with the Minister of Finance, remove a Council member if:

- (i) the member has been absent without just cause from three consecutive meetings of the Council;
- (ii) the stakeholder whose interests the member represents ceases to exist or is no longer a stakeholder as defined by the by-laws; or
- (iii) the member no longer meets the membership criteria for the Council as set out in the Act or in the by-laws.

A Council member ceases to be a member when:

- (a) the member is removed from office by the Board (in accordance with the above paragraph);
- (b) the member's term expires;
- (c) the member is unable to act due to extended incapacity or illness; or
- (d) the member resigns; in which case the resignation is effective on the later of
  - (1) the day on which the resignation is given to the Board, and
  - (2) the day specified in the resignation.

If a member resigns or has been removed by the Board because of absence, three months or more before the expiry of the members' term, the stakeholder whose interests that member represents can nominate a substitute representative for the remainder of the term. If less than three months of the term remains, the vacancy will not be filled. If the stakeholder fails to nominate a substitute representative within sixty days, the Board can consider candidates representing other stakeholders to fill the vacancy.

If the stakeholder ceases to exist one year or more before the expiry of the members' term, the Board will appoint a substitute Council member for the remainder of the term. If less than one year of the term remains, the vacancy will not be filled.

If a Council member no longer represents the interest of the stakeholder organization he or she was appointed to represent, yet the individual has interest in remaining on the Council and continues to meet appointment criteria, the advisory committee on Council nominations can consider nominees put forward by the stakeholder organization along with the incumbent's nomination and make recommendations to the Committee of the Board delegated with the responsibility for the nomination of directors.

### **(g) Term**

Stakeholder members are appointed for a term of not more than three years. A Council member may be re-appointed for any number of additional terms. Board directors who are members of the Council will be appointed for a term as determined by the Board.

## **4. MEETINGS**

### **(a) Scheduling and Calling of Meetings**

The Council will meet at least three times per year.

If any five Council members request in writing that the Chairperson of the Council call a meeting, the Chairperson will notify the other members of the request and call a meeting of the Council within twenty-one days after receiving the request to consider any matter specified in the request.

Notice of the day, time and place of each meeting of the Council will be given to each member of the Council at least seven days before the day scheduled for the meeting, unless eighty percent of the Council members, including the Chairperson, agree otherwise. The notice of meeting need not specify the purpose of the meeting. Council meetings may be held at any place in Canada.

### **(b) Secretary**

Payments Canada will provide secretariat support to the Council.

### **(c) Quorum**

A quorum for any meeting will be a simple majority of council members calculated using the number of appointed council members (including any vacant positions).

### **(d) Voting**

At all meetings of the Council, every question put to a vote will be decided by a majority of the votes cast on the question. The Board members who have been appointed to the Council are not entitled to vote. In the case of a tie vote, the Chairperson of the Council is entitled to a second vote. When the Board is presented with an issue originating from SAC, which was the subject of a vote by SAC and the vote was not unanimous, the arguments supporting the diverse positions of SAC members shall be summarized for the Board's information.

### **(e) Responsibility for Costs**

The Chairperson and Vice-Chairperson of the Council and members of the Council who represent the interests of consumer groups will be entitled to be reimbursed for their reasonable travel and living expenses properly incurred by them while engaged in the business of the Council and absent from their ordinary place of residence.

Subject to the Boards approval of the work plan and budget, Payments Canada is responsible for any reasonable costs associated with holding meetings of the Council.

### **Review**

Annually the Council will review these Terms of Reference to assess whether they accurately describe the duties and responsibilities of the Council and shall either confirm or recommend changes to the Terms of Reference to the Board.

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#### **REVISION HISTORY:**

**Approved:**

**Revised:** December 3, 2015  
December 1, 2016  
February 23, 2017