**European Cards Stakeholders Group – Scheme Sector Group**

**Terms of Reference**

**Part 1: Name and Objectives**

1.1 European Cards Stakeholders Group (ECSG) is registered as an AISBL {insert reference to Moniteur Belge} representing 5 sectors: Payment Service Providers, Retailer/Wholesale, Processors (of card transactions), Vendor (manufacturers of cards, payment devices and related IT systems) and Card Schemes.

1.2 The Scheme Sector Group (SSG) is composed of card schemes and legal entities designated by card schemes that have agreed to participate in the ECSG and abide by the ECSG By-Laws (see Annexe 1), the ECSG Internal Rules (insert reference) and the present SSG Terms of Reference.

1.3 Scheme Sector Representatives (SSR) is a group of 5 elected SSG members who represent the SSG on the ECSG Board.

1.4 The objectives of the SSG are to discuss non-competitive matters between its members and where possible to agree on positions to be proposed to the ECSG.

**Part 2: Membership Criteria**

2.1 Organisations wishing to join the Scheme Sector Group must meet one of the following criteria:

1. be registered as a legal entity and be a payment card scheme as defined in Article 2(16) of the Interchange Fees Regulation:

‘*payment card scheme’ means a single set of rules, practices, standards and/or implementation guidelines for the execution of card-based payment transactions and which is separated from any infrastructure or payment system that supports its operations, and includes any specific decision-making body, organisation or entity accountable for the functioning of the scheme*;

or

be a legal entity designated by one or more Card Schemes as defined above. Designated Entities as Members are to be agreed upon by the SSG.

Organisations wishing to join the Scheme Sector Group must also :

2.2 agree to abide by the provisions of the ECSG By-Laws, ECSG Internal Rules and the SSG Terms of Reference.

2.3 be able to provide the required resources for the review of standards or specification proposals and other activities as decided from time to time by the SSG and / or the ECSG.

2.4 be committed to being fully compliant with the SEPA Cards Standardisation Volume.

2.5 mandate the use of SEPA Cards Standardisation Volume conformant solutions. This must be reflected in the operating regulations of the respective Card Scheme.

2.6 recommend the use of labelled specifications as specified in the SEPA Cards Standardisation Volume / ECSG Bylaws. This must be reflected in the operating regulations of the respective Card Scheme.

A given Card Scheme or Designated Entity cannot be a member of both the SSG and another ECSG Sector stakeholder group.

A given Designated Entity cannot be represented by more than one individual in the SSG.

**Part 3: Scheme Sector Group (SSG)**

3.1 Functions

1. The SSG will meet before each ECSG meeting (or at any other occasion where it is deemed required) to discuss relevant ECSG agenda items and to agree on a Scheme Sector position. Meetings may be in person or by conference call, depending on availability of SSG members.
2. Each meeting shall have an agenda that is sent by email to all SSG members, at least 3 working days in advance of the meeting. If relevant, pre-read materials will also be sent in advance of the meeting.
3. After each meeting minutes reflecting the conclusions of the meeting will be circulated to each SSG member.

3.2 Voting

The SSG is properly convened if 80% of members are present or represented by proxy.

1. It is always the objective to reach unanimity in the SSG.
2. With regard to voting, each SSG member shall have one vote.
3. A Designated Entity representing more than one Card Scheme shall also have only one vote.
4. The votes of the 5 SSRs in the ECSG board will be in proportion to the result of the voting among the SSG members according to the following brackets:
5. In case of unanimity in favour of a resolution: 5 votes in favour
6. from 80 to 99 % in favour: 4 votes in favour, 1 against
7. from 60 to 79% in favour: 3 votes in favour, 2 against
8. from 40 to 59% in favour: 2 votes in favour, 3 against
9. from 20 to 39% in favour: 1 vote in favour, 4 against
10. from 0 to 19% in favour: 5 votes against
11. If consensus is not reached (less than 5 votes in favour) in the SSG, the SSRs will be required to submit an Explanation of Vote at the ECSG board;

**Part 4: Scheme Sector Representative (SSR)**

4.1 Elections

1. Card Schemes wishing to participate in SSR elections must indicate their candidacy by informing all SSG members.
2. Each member of the SSG shall vote for 5 representatives from the list of eligible candidates (*see 4.2(a) below).*
3. Candidates with the most votes will be appointed as Scheme Sector Representatives to the ECSG.
4. In cases where two or more candidates receive the same number of votes, a second and, if and when necessary, a third round of elections will be convened for the tied candidates whereby each member of the SSG shall vote for the number of candidates corresponding to the number of remaining seats.

4.2 Term

1. The initial term of an SSR shall be two years. Thereafter a SSR can be re-elected for an additional two-year mandate. Unless the members of the SSG agree otherwise, upon completion of two terms, there shall be a grace period of two years before an SSR can stand for re-election.
2. If during the mandate an SSR fails to attend 3 consecutive CSG meetings or 3 consecutive SSG preparatory meetings, the members of the SSG may decide to replace the SSR in question with the runner-up candidate which obtained the most votes from the list of candidates at the previous election.

4.3 Functions

1. SSRs are obliged to represent the SSG as a sector, and not their own individual organisation in all ECSG meetings.
2. SSRs will ensure at all times that all SSG members are kept up to date and are duly consulted on ECSG matters. All presentations, papers and other documents distributed by the ECSG will be provided to all SSG members.
3. If an SSR is unable to attend an ECSG meeting, he / she will be replaced by another member of the SSG. Wherever possible, replacements will be appointed on the basis of runner-up candidates from the previous election, respecting the order of the number of votes received.

4.4 Spokesperson

1. The SSG members will elect a Spokesperson from within the 5 SSRs.
2. The Spokesperson will undertake his/her best endeavours to ensure the full involvement of all SSG members and the smooth functioning for the SSG and SSR representation at ECSG meetings.

**Part 5**: **Membership Fee**

* 1. Each of the 5 ECSG sectors (Payment Service Providers, Retailer/Wholesale, Processors, Vendors and Card Schemes) will fund 1/5 of the ECSG annual Net Budget

5.2 1/5 of the ECSG annual Net Budget shall be equally shared between all Members of the SSG, including Delegated Entities representing several Card Schemes.

**Part 6: Amendments**

Decisions to amend the present SSG Terms of Reference must receive a Qualified Majority (80%) of the votes of SSG Members.

**Scheme Sector Group**

**List of Participants**

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(\*) Current Scheme Sector Representatives

(\*\*) Spokesperson

Annexe 1

ECSG Bylaws