

## **The SADC TCIB Participant Association Memorandum of Incorporation**

### **Introduction**

This document concerning the governance of TCIB Association (TPA) is intended to provide all prospective TCIB (Low Value Credit Transfers Cleared on an Immediate Basis) participants and other interested organizations with information regarding the set up and on-going operation of a TCIB Participant Association. This is in order that they may evaluate all aspects when considering joining the association.

### **Objective of the Association**

The TCIB Participant Association is being set up to provide the participants in the TCIB Payment Scheme and other interested organizations with a platform to ensure that the TCIB service is provided at the lowest cost possible for the ultimate benefit of recipients of transfers. It is intended that the benefit should lead to increased disposable income which should be available to acquire suitable financial products and services. The association will also act in an advocacy roll where required and where necessary.

### **Proposed name for the association**

Given that this will be a platform for TCIB participants to use to ensure that the above objective is reached it stands to reason the name should include association, participant and some relation to the payment scheme TCIB.

A proposed name for the association is therefore **TCIB Participant Association (TPA)**

### **TPA Mission**

The long-term viability of the TCIB service at the lowest cost possible

### **Legal Standing**

The TPA will be a not-for-profit organization.

## **TPA Constitution**

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## **(1) Definitions**

ACH – Automated Clearing House

Collective – in this document it means all association members of good standing

PPSP – Payment Processing Service Provider – also referred to as a HUB

TCIB – Low Value Credit Transfers Cleared on an Immediate Basis

## **(2) Powers of TPA**

In order to achieve its objective, the TPA, as a collective, has the authority from its members to engage in a non-competitive manner on their behalf with TCIB service providers in order to obtain the appropriate level of service pricing or fees.

Through the TPA Executive Committee the interests and/or concerns of the collective membership will be made known to TCIB service providers as well as regulators of the TCIB Payment Scheme in as far as the matters concerned affect the mission of the TPA.

The collective membership will also be able to propose changes to rules, processes and related agreements etc. through the relevant regulatory structures which will be in the interest of achieving the objective of the association.

## **(3) Membership**

### **3.1 Types of membership**

Membership of the TPA is open to but is not compulsory for all TCIB participants who have been approved or authorised by their applicable regulator to participate in the TCIB Payment Scheme.

There are two types of TPA members

### **3.2 Organizations authorised to send or receive TCIB transactions (primary members)**

### **3.3 Organizations (other than those that provide services to the TCIB Scheme) that provide services to TCIB participants, i.e. switches, ACH's, PPSP's (HUBS) (associated members)**

Membership fees will be determined by the Executive Committee for approval by the collective membership.

#### 3.4 Application for membership (Primary or Associate);

3.4.1 Application for TPA membership must be made on a prescribed form which must be forwarded to the TPA Secretary together with written evidence of regulatory approval/authorization for participation in the TCIB Payment Scheme.

3.4.2 The TPA Secretary will submit the application to the TPA executive committee for approval.

3.4.3 The executive committee will determine whether to approve the application or reject it at a meeting where new member applications are an order of business or if for good reasons the application can be considered via an e-mail round robin.

3.4.4 The executive committee shall furnish a reason for any rejection of an application for membership e.g. the organization does not fit the profile of an entity providing services to the TCIB Scheme and its participants.

3.4.5 Upon approval of a membership application the TPA Secretary will notify the applicant and request payment of the membership fee required.

3.4.6 Upon payment of the membership fee the applicant will become a TPA member and be bound by its constitution.

#### 3.5 Resignation of membership

Where a member resigns from TPA it will be required to ensure all outstanding financial commitments to the TPA are finalised. Three months' notice of resignation must be provided in order for all administrative matters to be completed.

#### 3.6 Termination of membership

Where a member ceases to fulfil its obligations under the TPA constitution the executive committee can terminate the membership of the member concerned. The termination will be made by a simple majority decision and will be advised to the member concerned in writing. The terminated member may make representation for re-instatement at the next meeting of the executive committee.

#### **(4) Governance**

Governance of the TPA will be through an Executive Committee.

At commencement the Executive Committee will comprise of 9 members elected from organizations authorised to send or receive TCIB transactions (Primary members).

Organizations that provide services to TCIB participants (Associate members) may elect 3 observers to attend any executive meetings.

Seats on the Executive Committee will be determined by a formula that will encompass the following principles;

- Encourage active sending of TCIB transactions by participants
- Ensures a fair representation of the interests of all participants
- Ensures that there is no dominance of power by a small number of participants

The executive committee will be elected for a three-year period. Election of a new executive committee will be based on the re-calculation of transactions at the time of new executive committee election.

Organizations that provide services to TCIB participants must also re-elect three observers after the same three-year period for executive members.

Where a member of the executive committee is unable to complete his or her tenure for whatever reason or resigns from the committee, the position on the executive committee will remain open until the next Annual General Meeting when a new executive member will be elected. While the position remains vacant to voting power of the member vacating his or her position will be allocated to the seats representing all other sending participants.

The executive committee will elect a chairperson and a vice-chairperson as a first point of business after being constituted. The vice-Chairperson will stand in for the chairperson where the Chairperson is unable to attend meetings or when representing the TPA.

Where an executive member does not attend three (3) consecutive executive committee meetings without satisfactory explanation that member will not be eligible for a seat on the committee. The position will be regularized at the next AGM.

Nominations for election to the executive committee shall be on a prescribed form which must be forwarded to the TPA office bearer handling such matters.

Adjustments to the commencement seat apportionments must be made by the TPA membership in due course in the event that the commencement apportionments unduly favour a particular country or member.

## **(5) Membership fees/subscriptions**

In order for the TPA to achieve its objective an appropriate level of membership fees will be required from participants in the TCIB Payment Scheme. Membership fees will be determined by the executive committee for approval by all members.

There will be two types of membership fees; a one-time joining membership fee and an on-going annual membership fee.

## **(6) Types of association meetings**

The TPA will hold the following 3 types of meetings;

- \* Executive Committee meetings
- \* Annual general meetings
- \* Special member meetings

### **6.1 Executive Committee Meeting**

#### **6.1.1 Notice of meetings**

The TPA Secretary will send a notice to all executive members at least one month prior to the meeting date stating the place, date and time of the meeting as well as provide an agenda of all matters for deliberation.

#### **6.1.2 Frequency of meetings**

The executive committee will meet at least 4 times a year, one of which meetings should be face-to-face while the other meetings may be via suitable conferencing facilities.

#### **6.1.3 Quorum**

Decisions of the executive committee will be based on a simple majority of the nine members whether present or by proxy. A quorum of at least 7 members whether present or by proxy is required for matters requiring a vote.

#### 6.1.4 Voting

Each member of the executive committee will have one vote. A simple majority of members present or via proxy will determine the result.

#### 6.1.5 Setting up of sub-committees

The executive committee has the power to set up any sub-committee it deems appropriate to handle any specific matter. The committee will provide the terms of reference and duration of existence for such committees.

### 6.2 Annual General Meetings

#### 6.2.1 Order of business at an AGM

The following business will be attended to at an AGM

- Confirmation of the minutes of the previous AGM
- Election of executive committee members
- Appointment of Office Bearers where required
- Report back to members on the financial and operational affairs of TPA over the past year
- Conduct of any other business as advised to members

#### 6.2.2 Attendance at AGM meetings

Members should make every attempt to meet in person. Where this is not possible a member may appoint a proxy to vote on their behalf.

#### 6.2.3 Notice of AGM meetings

At least 30 business days prior to the date set for an AGM the TPA Secretary shall send a notice to all members advising them of the date, place and time of the AGM as well as the matters to be attended to.

#### 6.2.4 AGM meeting month

TPA AGM meetings will be held in the month of normal financial, tax or company year- end in the country of jurisdiction each year.

#### 6.2.5 Quorum for an AGM

A quorum of at least two-thirds of all members whether in person or by proxy are required for purposes of transacting the order of business.

#### 6.2.6 Voting at an AGM

All members of the TPA who are authorised by their regulator to send TCIB transactions (Primary members) will have one vote and resolutions will be determined by a simple majority by means of a show of hands. In the unlikely event of a tie the chairperson of the meeting will cast the deciding vote.

#### 6.2.7 Management of meeting proceedings

The proceedings at the AGM will be managed by the Chairperson of the executive committee if he or she is unable to attend then the vice-chairperson of the executive committee will chair the AGM.

Should neither be present then the members present will elect a chairperson from their midst to chair the meeting.

### 6.3 Special Member Meetings

A special member meeting may be called by the executive committee or by two thirds of members who are normally able to vote at an AGM in respect of any matter that these bodies believe will have a material impact on the TPA.

#### 6.3.1 Notice of a special member meeting

The TPA secretary must notify all members at least 15 days (including non-business days) of the holding of such a special meeting. The notice must state time, place and date of such meeting as well as the order of business.

#### 6.3.2 Special meeting quorum

Two thirds of members eligible for voting at an AGM whether in person or by proxy are required for purposes of transacting business at a special member meeting.

#### 6.3.3 Voting

All members of the TPA who are authorised by their regulator to send TCIB transactions (Primary members) will have one vote and resolutions will be determined by a simple majority by means of a show of hands. In the unlikely event of a tie the chairperson of the meeting will cast the deciding vote.

#### 6.3.4 Management of proceedings at a special members meeting

The proceedings at a special members meeting will be managed by the Chairperson of the executive committee of he or she is unable to attend then the vice-chairperson of the executive committee will chair the meeting.

Should neither be present then the members present will elect a chairperson from their midst to chair the meeting.

#### 6.4 Minutes of all meetings

The minutes of all meetings will be taken by the secretary of the TPA. The minutes will be provided to all members once approved by the chairperson of the executive committee.

### **(7) Use of financial resources**

In order to achieve its objective the TPA will deploy its financial resources as follows;

- Remuneration of office bearers
- Daily operating expenses and other budgeted outlays
- Liquidation of any industry financial commitments in respect of the TCIB Payment Scheme
- Maintenance of suitable reserves for unexpected events

It is the responsibility of the Secretary/Treasurer to produce an annual budget for approval by the executive committee.

See annexure B for 3-year business plan.

### **(8) Appointed Officers**

At commencement of operations the TPS will appoint two Officers to discharge day-to-day operational duties. These appointments will be ratified at the inaugural AGM. The positions of; Chief Executive Officer responsible for all TPA matters including marketing and new member acquisitions and Secretary/Treasurer responsible for administration and finances.

It will be the responsibility of the appointed officers to develop and continually update a business plan which will give effect to TPA's mission and objectives. Such plan will be reviewed and approved by the Executive Committee.

These positions will be supplemented as and when required and will be motivated by the executive committee to the full membership. This may take place at a special member's meeting or AGM.

#### **(9) Engagement with regulatory structures or representation at forums**

The TPA will be called upon to present at conferences or regulatory forums etc. Such representation should be made by the Chief Executive Officer or the Chairperson of the executive committee. By exceptional circumstances the CEO or Chairperson of the executive committee may delegate this responsibility to another officer or executive committee member.

#### **(10) Amendments to constitution**

Amendments to the constitution need to be motivated via the TPA executive committee. Where a decision has been made to amend the constitution such decision must be approved at a Special members Meeting called specifically to amend the constitution.

#### **(11) Dissolution of the association**

Any decision to dissolve TSA requires the consent of no less than seventy-five percent of members present or by proxy at a special members meeting called specifically for this purpose.

In the event of dissolution all debts and liabilities legally incurred at time of dissolution shall be duly discharged with any funds left over distributed amongst the members. Any shortfall shall be met equally by members of good standing at time of dissolution.

## **Annexure A**

Calculation of representation on the TPA Executive committee.

4 Seats provided to individual organizations with highest transactions sent in a year.

3 Seats provided to 3 persons representing all organizations not in the top four senders but send more than 12000 transactions per annum.

2 Seats provided to 2 persons representing all remaining organizations.

## **Annexure B**

3-year business plan. See attached spread sheet.

The following assumptions have been made in drawing up the TSA 3-year business plan.

Income will be received in the form of membership fees.

Financing will be obtained in order to meet service provider operating expenses not covered by membership fees and member transaction fees.

The initial cost of membership is USD1000 and annual renewal of membership USD100 for organizations authorised to make TCIB transfers.

Other members i.e. switches, ACH's, Hubs will pay a membership fee of USD500 with an annual renewal fee of USD100.

The initial TCIB transaction fee required to meet service provider operating expenses is set at USD 2 cents per transaction.

Breakeven i.e. transaction fees and membership fees match service provider operating costs as well as TPA's own operating expenses is expected towards the end of year 3.

Full operation of the TCIB service will commence February 2019

Go live transactions will be funded out of transactions fees and current funding sources.

Transactions will include domestic transfers and intra-regional transfers wherever permissible.

10 Members will join at first in early 2019 and then 2 new members per month for the rest of 2019. Thereafter it is expected that 5 new members will join each month in 2020 and 2021.