

**BYLAWS  
OF  
SECURE TECHNOLOGY ALLIANCE**

**ARTICLE I  
PURPOSES, OBJECTIVES AND ACTIVITIES OF SECURE TECHNOLOGY ALLIANCE**

**Section 1.1 Purpose**

The purpose of Secure Technology Alliance (the “Alliance”) is to stimulate the understanding, adoption and widespread application of secure solutions, including smart cards, embedded chip technology, and related hardware and software. The Alliance invests heavily in education on the appropriate uses of secure technologies for authentication, commerce, and the Internet of Things to protect privacy and data. The Secure Technology Alliance is a not-for-profit, multi-industry association, delivering thought leadership through training, research, publications, industry outreach and open forums in the U.S. and Latin America.

**Section 1.2 Objectives and Activities**

- (a) The Alliance’s activities shall include:
  - (1) identifying, selecting, augmenting and influencing specifications of appropriate national and international - and voluntary - standards that are relevant to the understanding, adoption and widespread application of secure solutions, including smart cards, embedded chip technology, and related hardware and software
  - (2) maintaining a voice in public policy that affects adoption and implementation of smart card, embedded chip and other security technologies
  - (3) providing educational and research resources and services for Members, industry stakeholders, consumers and government organizations;
  - (4) providing a forum for cutting-edge discussions and projects on issues surrounding the implementation of secure solutions including smart cards, embedded chip technology, and related hardware and software, and
  - (5) performing other activities permitted under these Bylaws in furtherance of the purposes of the Alliance.
- (b) The Alliance shall make results of the research activities of the Alliance available to all interested parties on reasonable terms applied uniformly and openly. Any standards or standards-like outputs emanating from the Alliance shall be entirely voluntary.
- (c) The Alliance, its employees, its Members and participants shall strictly comply with all state and federal laws. The Alliance is committed to full and complete observance of the antitrust laws. The Alliance and its respective committees shall totally avoid any action or discussion used for the purpose of bringing about, or attempting to bring about, any understanding or agreement among competitors with regard to prices, terms or conditions of sale, distribution, volume of production, territories, or the limitation/prevention of any person’s entry into a market or access to customers.
- (d) The Alliance has expanded its scope of operations through resolutions to include Chapter Organizations as subgroups of the Alliance. The Board has determined that there should be a membership class which allows organizations to join the Alliance and to participate as Chapter members and vice versa, but with dues to be paid solely to the Alliance or the Chapter and with membership benefits primarily related to participation in both organizations activities and that

there should be rules for other membership classes to allow cross-organizational participation in working committees, meetings, and other activities.

### **Section 1.3 Nonprofit Status**

The Alliance shall be a nonprofit corporation and is not empowered to engage directly or indirectly in any activity, including distribution of its assets upon dissolution, that would invalidate its status as an organization exempt from federal income taxation under section 501(c)(6) of the Internal Revenue Code of 1954, as amended, by virtue of being an organization described in section 501(c)(6) of the Code.

## **ARTICLE II**

### **OFFICES**

The Alliance may have such offices at such places as determined by the Board of Directors.

## **ARTICLE III**

### **MEMBERS**

#### **Section 3.1 Membership Candidates**

Any individual, firm, partnership, corporation, unincorporated association, or governmental body (hereinafter “Person”), who is a producer, provider, issuer or user of smart cards, embedded chip technology, and related hardware and software, or who is a vendor, research organization, government organization, engineering organization, or consultant with a demonstrated interest in promoting smart cards, embedded chip technology, and related hardware and software, and who has a demonstrated interest in promoting the mission of the Alliance, may apply for membership in the Alliance. The procedure for admission to the Alliance is set forth in Section 3.3. The Alliance does not restrict membership on the basis of race, color, sex, religion, or national origin.

#### **Section 3.2 Classes of Membership**

The Alliance shall have six classes of members: Leadership PLUS Members, Leadership Council Members, General Members, Government Members, University Members and Associate Members, whose qualifications, rights, privileges and obligations are set forth herein and in Board resolutions, not inconsistent with these Bylaws, which may be adopted from time to time. In addition, the Board may, by resolution, eliminate any classes of membership, except Leadership Council Members or General Members, and may establish additional classes of membership as it sees fit. Such additional classes of membership shall have such other rights, privileges and obligations as the Board may from time to time determine.

##### **Section 3.2.1 Leadership Council PLUS Members**

- (a) Leadership Council PLUS Membership shall be open to any Person, except for individuals, meeting the criteria described in Section 3.1 or as otherwise set forth in Board resolutions, following the procedure for admission set forth in Section 3.3, and paying dues or fees at the level periodically established by the Board of Directors.
- (b) Leadership Council PLUS Membership has equal standing to Leadership Council Membership within the Alliance in every way, except that Leadership Council PLUS Members have additional cross-organizational membership rights in the U.S. Payments Forum Chapter not granted to Leadership Council Members.
- (c) Each Leadership Council PLUS Member additionally has full membership status in the U.S. Payments Forum Chapter and all associated membership rights at the equivalent membership level

of Principal Member in the U.S. Payments Forum. Such dual-membership recognition comes with the payment of a single membership fee.

- (d) In accordance with Article IV, Leadership Council PLUS Members shall be entitled to vote for regular Board of Directors and each Leadership Council PLUS Member is entitled to designate an individual to be elected to serve as a Director of the Alliance. Leadership Council PLUS Members are also granted the right to vote in U.S. Payments Forum elections and be elected for U.S. Payments Forum positions according to the rules established by the U.S. Payments Forum bylaws.
- (e) Each Leadership Council PLUS Member is entitled to one vote by a duly authorized representative in person or by proxy at the annual, general and special meetings of the Members and at any work group or task force meeting.
- (f) Each Leadership Council PLUS Member shall be entitled to be represented at all meetings, work groups, and task forces of the Alliance and the U.S. Payments Forum Chapter. Each Leadership Council Member shall have access to all work group documents and work group minutes of meetings, and shall have such other rights as the Board of Directors determines from time to time.

### **Section 3.2.2 Leadership Council Members**

- (a) Leadership Council Membership shall be open to any Person, except for individuals, meeting the criteria described in Section 3.1 or as otherwise set forth in Board resolutions, following the procedure for admission set forth in Section 3.3, and paying dues or fees at the level periodically established by the Board of Directors.
- (b) In accordance with Article IV, Leadership Council Members shall be entitled to vote for regular Directors and each Leadership Council Member is entitled to designate an individual to be elected to serve as a Director of the Alliance.
- (c) Each Leadership Council Member is entitled to one vote by a duly authorized representative in person or by proxy at the annual, general and special meetings of the Members and at any work group or task force meeting.
- (d) Each Leadership Council Member shall be entitled to be represented at all meetings of the Members, as well as at meetings of the Alliance's work groups and task forces. Each Leadership Council Member shall have full access to all work group documents and work group minutes of meetings and shall have such other rights as the Board of Directors determines from time to time.
- (e) Each Leadership Council Member shall have access to participate in cross-organizational activities in the U.S. Payments Forum Chapter. Leadership Council Members shall have full access to all U.S. Payments Forum working committee activities, documents, and minutes of working committee meetings. Fees to attend U.S. Payments Forum in-person conferences and activities will be available at the member rate.

### **Section 3.2.3 General Members**

- (a) General Membership shall be open to any Person, including individuals, meeting the criteria set forth in Section 3.1, or as otherwise set forth in Board resolutions, following the procedure for admission set forth in Section 3.3, and paying dues or fees at the level periodically established by the Board of Directors.
- (b) At or prior to each annual meeting of the Members, General Members shall be entitled to elect one Observing Director who will represent the interests of all General Members on the Board of

Directors for a one-year term, beginning at such annual meeting (the “General Member Observing Director”).

- (c) General Members may participate in such working groups and task forces as determined by the Executive Committee, which may also establish a fee or other conditions for attendance.
- (d) General Members shall have such other rights as the Board of Directors determines from time to time. However, General Members shall have no voting rights (except to vote for the General Member Observing Director representing the General Membership) and do not have the privilege of calling any meetings, special or otherwise, of the Members.
- (e) Each General Member may participate in cross-organizational activities in the U.S. Payments Forum Chapter. General Members may request to participate or be invited by elected representatives of any U.S. Payments Forum working committee to participate in any activities. Fees to attend U.S. Payments Forum in-person events and activities will be available at the U.S. Payments Forum member rate.

#### **Section 3.2.4 Government Members**

- (a) Government Membership shall be open to any state, federal or local government agency or organization meeting the criteria set forth in Section 3.1, or as otherwise set forth in Board resolutions, following the procedure for admission set forth in Section 3.3, and paying dues or fees at the level periodically established by the Board of Directors.
- (b) Government Members are entitled to suggest representatives for appointment to the Board of Directors as an Observing Director.
- (c) Government Members shall have such other rights as the Board of Directors determines from time to time. However, Government Members shall have no voting rights and do not have the privilege of calling any meetings, special or otherwise, of the Members.
- (d) Each Government Member may participate in cross-organizational activities in the U.S. Payments Forum Chapter. Government Members may request to participate or be invited by elected representatives of any U.S. Payments Forum working committee to participate in any activities. Fees to attend U.S. Payments Forum in-person events and activities will be available at the U.S. Payments Forum member rate.

#### **Section 3.2.5 University Members**

- (a) University Membership shall be open to any not-for-profit college or university, or similar educational institution as the Board of Directors may determine; provided that the criteria set forth in Section 3.1, or in Board resolutions, are met, that the procedure for admission set forth in Section 3.3 is followed, and that the University Member pays dues or fees at the level periodically established by the Board of Directors.
- (b) University Members are entitled to suggest an individual for appointment by the Board of Directors as an Observing Director.
- (c) University Members shall have such other rights as the Board of Directors determines from time to time. However, University Members shall have no voting rights and do not have the privilege of calling any meetings, special or otherwise, of the Members.

- (d) Each University Member may participate in cross-organizational activities in the U.S. Payments Forum Chapter. University Members may request to participate or be invited by elected representatives of any U.S. Payments Forum working committee to participate in any activities. Fees to attend U.S. Payments Forum in-person events and activities will be available at the U.S. Payments Forum member rate.

### **Section 3.2.6 Associate Members**

- (a) Associate Membership is open to individuals, including consultants, contractors or other classes of individuals as the Board of Directors may determine and who are not full-time or part-time employees of an organization that may itself qualify for membership under any of the other categories set forth above.
- (b) Associate Member applicants must meet the criteria set forth in Section 3.1, or in Board resolutions, follow the procedure for admission set forth in Section 3.3, and pay dues or other fees at the level periodically established by the Board of Directors.
- (c) Associate Members shall have such rights as the Board of Directors determines from time to time. However, Associate Members shall have no voting rights and do not have the privilege of calling any meetings, special or otherwise, of the Members.
- (d) Each Associate Member may participate in cross-organizational activities in the U.S. Payments Forum Chapter. Associate Members may request to participate or be invited by elected representatives of any U.S. Payments Forum working committee to participate in any activities. Fees to attend U.S. Payments Forum in-person events and activities will be available at the U.S. Payments Forum member rate.

### **Section 3.3 Admission to Membership**

- (a) Any Person possessing the requisite qualifications to secure admission to membership of any category in the Alliance shall make written application to the CEO/President or such other person or committee as the Board of Directors directs. The application, accompanied by a subscription to the Bylaws of the Alliance in a form prescribed by the Board of Directors, shall be signed by the applicant. The CEO/President or such other person or committee shall recommend the approval or rejection of such application to the Chair in accordance with criteria established by the Board of Directors which are consistent with Sections 3.1 and 3.2 and fairly applied. In those cases where the applicant clearly meets the membership criteria, final action of admission to membership shall be by determination of the CEO/President, if there is one, and approval by the Chair. In those cases where the CEO/President or Chair questions the applicant's ability to meet the membership criteria, final action of admission to membership shall be by vote of the Board of Directors.
- (b) Members shall sign such annual renewal forms confirming renewal of membership as the Board or CEO/President may require, and submission of such forms by the deadline designated therefore shall be a condition of continued membership in the Alliance.

### **Section 3.4 Meetings of Members/Quorum**

- (a) The Members shall meet annually, and at such other times as determined by the Board of Directors, at such date, time and place as designated by the Board. At least five (5) but no more than sixty (60) days' written notice shall be given for the annual meeting of the Members and for any additional meeting of the Members called by the Board of Directors.

- (b) The Board of Directors, the Chair of the Board, or one-third (1/3) of the Leadership Council Members may call a special meeting of the Leadership Council Members at any time. At least five (5) but no more than sixty (60) days' written notice shall be given for any such special meeting. Any action or decision which could be taken at a meeting of the Members may be taken at a duly called special meeting of the Leadership Council Members at which a quorum is present in accordance with Section 3.4(c) below.
- (c) At all meetings of Members, a quorum shall consist of at least one half (1/2) of the Leadership Council Members in good standing, present in person or by proxy. Once a quorum is present, it is not broken by the withdrawal of one or more Leadership Council Members. Except as otherwise provided by these Bylaws, a majority vote of the Leadership Council Members at any meeting at which a quorum is present shall be required to approve any action that requires the consent of the Members.

### **Section 3.5 Membership Dues**

Members shall pay such dues and fees as shall be established from time to time by the Board of Directors.

### **Section 3.6 Delinquent Dues**

Any Member which is delinquent in the payment of all or any portion of its dues or fees referred to above shall not be entitled to exercise the privileges of membership. A Director associated with a Member that is delinquent in paying all or any portion of its dues shall not be entitled to notice of or to attend meetings of the Board of Directors, nor shall such Director be entitled to vote on any matters before the Board. The executive staff (or if there is no executive staff, then the Treasurer) shall notify a Member that has become delinquent in paying dues of the delinquency within forty (40) days after the date on which the dues are payable. If the delinquency persists for an additional twenty (20) days, a second delinquency notice shall be sent. In the event such Member is delinquent for more than seventy-five (75) days after the date upon which any such delinquent dues became payable, its membership and all membership rights may be suspended at the discretion of the Chair and the membership may be terminated by the Board of Directors pursuant to Section 3.10. A Director associated with a terminated Member shall cease to be a Director at the time of the termination of a Member's membership, but may be reinstated, at the Board's discretion, if all dues arrearages are brought current.

### **Section 3.7 Subscription to Bylaws**

Each Member shall subscribe to and agree to be bound by these Bylaws and all amendments thereto before being admitted to the rights of membership in the Alliance. Those Members who have paid the required dues and fees in accordance with these Bylaws and who are not suspended shall be considered Members in good standing.

### **Section 3.8 Resignation**

Any Member of the Alliance may withdraw from membership by tendering a written resignation to the Board of Directors and a sum of money equal to full payment of any and all fees and dues remaining unpaid on the date of tender of resignation. No refunds of any dues or fees shall be made in event of resignation.

### **Section 3.9 Withdrawal from Business**

Membership in the Alliance shall automatically terminate upon bankruptcy or withdrawal from or cessation of business by any Member or upon such an alteration in the nature of business transacted by the Member as would disqualify a Member from securing a membership upon application therefor.

### **Section 3.10 Suspension and Expulsion**

- (a) Any Member of the Alliance which violates any of the Bylaws, documented procedures or resolutions adopted by the Board of Directors from time to time, or fails to pay dues or fees within seventy-five (75) days of the date on which they are payable, shall, by a two-thirds vote of the Board of Directors present at any meeting at which a quorum exists, be subject to termination of membership, expulsion, or any other sanction approved by the Board of Directors. Expulsion or suspension for any reason other than non-payment of dues or fees shall occur only after the affected Member has been advised, in advance and in writing, of the proposed expulsion or suspension and the reasons therefor, and has been given an opportunity to submit to the Board of Directors reasons in support of its continued membership in the Alliance. The notice to the affected Member shall include a concise statement of the material facts constituting the charge. If the Board of Directors determines in good faith that the allegations are substantiated, the Board of Directors shall vote on appropriate sanctions. The decision of the Board of Directors concerning an expulsion or a suspension shall be final and binding.

A Member may be suspended based on the good faith determination of the Board of Directors that the Member has failed in a material or serious degree to observe the Alliance's rules, or has engaged in conduct seriously prejudicial to the purposes and interests of the Alliance. Any Member whose membership in this Alliance shall have been suspended by the Board of Directors shall not be a Member during the period of suspension and shall have no interest in any of the activities, funds, property, rights, and interests belonging to the Alliance until such time as such Member complies with the requirements of the Board of Directors for the removal of the suspension and the return to good standing.

- (b) A Member expelled for any reason shall forfeit any dues or fees paid during membership. No Member who has been expelled shall be eligible for reelection to membership for at least one (1) year from the date of expulsion unless the Board of Directors votes otherwise. Such former Members shall not be readmitted until all arrears in dues, fees and/or monetary obligations to the Alliance shall have been paid.

### **Section 3.11 Property Rights**

- (a) Intellectual Property Rights
- (1) All patents, copyrights, or other intellectual property owned or created by any Member outside the Alliance or its work shall remain the property of that Member, and that ownership and rights thereunder shall not be affected in any way by the Member's participation in this Alliance or its Chapters unless the Member specifically agrees otherwise. All material presented to the Alliance, including its various Chapters and committees, shall be deemed of a non-confidential nature and hence for public distribution.
- (2) Members, alone or jointly with others, may generate protectable intellectual property in the course of their work on materials created or developed by a working group or committee of the Alliance or Chapter for the primary purpose of advancing the Alliance's goals (the "Committee Work Items"). Except to the extent otherwise agreed by the Board (as described in the next following sentence), the Alliance shall own all copyrights and other intellectual property rights in and to such Committee Work Items. The Board shall have the authority to adopt rules and procedures which it deems necessary or advisable in connection with the production of Committee Work Items and the Alliance's ownership thereof. The Board shall additionally have the authority to adopt exceptions to, and to grant particular Members exemptions from, the general rule of Alliance ownership of Committee Work Items, as the Board may deem necessary or advisable from time to time to further the best interests of the Alliance.
- (3) The Alliance may, in generating submissions to standards bodies or developing specifications, utilize intellectual property of others as a base, provided that the ANSI

Patent Policy and related ANSI copyright policy, Procedures for the Development and Coordination of American National Standards, copyright 1987, applies or will apply to the use of such intellectual property in the ultimate standards or specifications.

- (4) The Alliance may publish documents to promote its objectives and purposes. Employees of Members may be cited as co-authors when appropriate. In no event, however, shall the name of any Member or any of its trademarks and trade names, or service marks or service names, be used in any publication by the Alliance, or by a Member describing the work or the Alliance, without its prior consent; this obligation shall survive resignation, expulsion or cessation of business of any Member or dissolution of the Alliance.
- (b) Other Property Rights
- (1) Any Member whose membership in this Alliance or its Chapters shall have terminated by resignation, cessation of business, expulsion, or other cause shall forfeit thereby all interests in any and all funds, property, rights and interests of the Alliance, other than any licenses to intellectual property that vested during the term of membership.
  - (2) Except as provided under Article XII on Dissolution, and the intellectual property licensing provisions of this Article, no Member has any property rights in any assets of this Alliance. Furthermore, no surplus of funds of this Alliance or its Chapters (if any) shall inure to the benefit of any Member, officer or employee of the Alliance.

## ARTICLE IV

### BOARD OF DIRECTORS

#### Section 4.1 Management of Affairs

The affairs of the Alliance and its Chapters shall be managed by a Board of Directors.

#### Section 4.2 Composition

- (a) The Board of Directors shall consist of no fewer than ten (10) Directors and, if authorized by resolution of the Board of Directors, may be expanded to thirty (30) Directors, not including Observing Directors.
- (b) The Board, by resolution, may designate up to six Director positions as Observing Director positions. Observing Directors shall be appointed by the Board (except for the General Member Observing Director, who shall be elected by the General Members pursuant to Section 4.3), to serve for one-year terms pursuant to these bylaws in order to facilitate Board interaction with other categories of Members. Observing Directors shall have no rights except to participate in Board discussions or as specified by Board resolution.
- (c) In order to qualify as, and if elected to continue to serve as, a Director, an individual must be (i) in the case of a regular Director, an officer, director, trustee, agency head or deputy head of, or other individual who is designated by a Leadership Council PLUS Member or Leadership Council Member; (ii) an individual designated by a Principal PLUS Member of the USPF, a Chapter that by rules established by the Board of Directors have the equivalent membership benefits of a Leadership Council Member (iii) in the case of a General Member Observing Director, elected by General Members in the manner described in Section 4.3 herein; or (iv) in the case of any other Observing Director, appointed by the Board and qualified under such criteria as the Board shall determine from time to time.



- (d) Directors hold office in their individual capacity as representatives of their Member companies. If a Member becomes delinquent in the payment of annual dues and remains delinquent for more than seventy-five (75) days after such dues become payable (and the Chair has determined to suspend the Member), withdraws its membership or withdraws support for the Director as its representative during that individual's term as a Director, that Director must resign as a Director and give up any officer positions that Director holds. The Board of Directors may then fill the Director vacancy until the next scheduled election of Directors in accordance with Section 4.3. No two Directors may be an officer, director, trustee, employee, or designee of the same Member.

### **Section 4.3 Election**

- (a) Directors, except for Observing Directors, shall be elected by the Leadership Council Members annually and shall serve until a successor shall have been duly elected, until such Director's death, or until such Director resigns or is removed. Each Leadership Council PLUS Member, Leadership Council Member or USPF Chapter member with equivalent membership rights as a Leadership Council Member in good standing shall be entitled to cast one vote for each individual it supports for the Board up to the number of positions then available. If there are more candidates who received votes than there are available Board positions, the available positions will be filled as follows. The candidates shall be ranked in order of the number of votes received. The candidates with the greatest number of votes shall be elected to fill the first available positions on the Board, which shall be the positions which carry three (3) year Board terms. The candidates with the next greatest number of votes shall be elected to fill the second available positions on the Board, which shall be the positions, being filled due to vacancy, which carry two (2) year remaining Board terms. The candidates with the next greatest number of votes shall be elected to fill the final available positions of the Board, which shall be the positions, being filled due to vacancy, which carry one (1) year remaining Board terms. If there is a tie vote between two or more candidates and either (i) there are an insufficient number of Board seats available to be filled by the tied candidates, or (ii) there are a sufficient number of Board seats available to be filled by the tied candidates, but not all of the tied candidates can receive the same length of term, then the outgoing Board of Directors shall vote to choose amongst the tied candidates (all others being dropped) if there are insufficient positions, or shall vote to allocate the available Board seats amongst the tied candidates, if one or more tied candidates must accept differing term lengths. If the vote occurs prior to the start of the board term by mail or electronic ballot, the Board shall determine the date upon which the good standing determination of a Member shall be made.
- (b) General Member Observing Directors may be elected by the General Members pursuant to the procedures set forth in Paragraph (a) of this section. Other Observing Directors meeting the qualifications for Directors may be appointed to the Board pursuant to Board resolution. An Observing Director vacancy (including a vacancy in the General Member Observing Director position), will be filled pursuant to Board resolution. The provisions of Sections 4.3 (c), (d) and (e) below are applicable to regular Directors only, and do not apply to Observing Directors.
- (c) If a Director leaves the Board for any reason prior to the end of his or her term of office, the Board shall, within thirty (30) business days:
  - (1) Offer the Director's position until the next scheduled election to a designee of the Member company which employed or otherwise designated the former Director. This nominee must be acceptable to the Board. At the next scheduled election, the Principal Members shall fill the vacated Board seat for the remainder of the term of such seat in accordance with Section 4.3(a). If the Member company is no longer a Member, is more than seventy-five (75) days delinquent in dues payment or has been suspended from membership for any other reason, or chooses not to recommend a satisfactory representative within thirty (30) calendar days, then,
  - (2) The Board may select a suitable replacement Director from among the Leadership Council PLUS Members, Leadership Council Members, or USPF Chapter member with

equivalent membership rights as a Leadership Council Member at large to serve until the next scheduled election of Directors. At the next scheduled election, the Leadership Council PLUS Members, Leadership Council Members, or USPF Chapter member with equivalent membership rights as a Leadership Council Member shall fill the vacated Board seat for the remainder of the term of such seat in accordance with Section 4.3(a).

- (d) Each Director will hold office until a successor is elected and qualified, or until the Director's earlier death, resignation or removal. A Director may resign at any time by written notice to the Alliance addressed to the Chair, Vice Chair or the Secretary. A vacancy in the Board of Directors by reason of death, resignation or removal of a Director may be filled by the Board of Directors until the next scheduled election of Directors; provided, however, that the Board of Directors will not fill such a vacancy in less than thirty (30) calendar days in order to permit the Member which employed or otherwise designated the departed Director to designate a replacement in accordance with Section 4.3(c) above.
- (e) Notwithstanding the foregoing, in the event that a Director vacates a directorship prior to the conclusion of his or her term due to a change of employment, or because he or she is no longer an officer, director, trustee or designee of the designating Member, such Director may continue to serve as a Director of the Alliance for the remainder of his term as a Director if he or she has become employed by, or has become an officer, director, trustee or designee of, another Leadership Council PLUS Member, Leadership Council Member, or USPF Chapter member with equivalent membership rights as a Leadership Council Member. If such Leadership Council Member already employs or has designated a Director of the Alliance, the Member shall decide which of the two shall retain his or her position as a Director and the Director not so selected shall resign as a Director and give up any officer positions that Director holds. If the Director who has changed employment or affiliation does not become employed by, or otherwise affiliated with, another Leadership Council Member, then, that individual shall give up all office positions and shall no longer be a Director, unless the Board determines to allow such Director to remain on the Board in an unpaid, non-voting, advisory capacity until the next scheduled election of Directors.

#### **Section 4.4 Term of Office**

Directors, except for Observing Directors or Directors elected to fill a vacancy pursuant to Section 4.3, shall serve for terms of three (3) years each. Terms begin at the annual meeting at, or prior to which, the Director was elected and end at the beginning of the annual meeting which begins three (3) years later. Observing Directors shall serve for one-year terms.

#### **Section 4.5 Meetings**

- (a) There shall be at least two (2) regular meetings of the Board of Directors during each calendar year, with one of such meetings being held in conjunction with the annual meeting of Members and designated as the annual meeting of Directors. Other special meetings may be called by the Chair of the Board of Directors on his or her own motion, or shall be called by the Chair at the request of Directors comprising at least twenty-five percent (25%) of the membership of the Board, not including Observing Directors. At least five (5) but no more than sixty (60) days prior to the annual meeting, regular meetings or special meetings, notice of the meeting shall be forwarded by mail, e-mail, fax or express/overnight mail to all Directors. The notice shall contain a proposed agenda setting forth the general character of the business proposed to be transacted at the meeting, and in the case of the annual meeting, shall include a report of the Alliance's financial condition for the prior fiscal year.
- (b) Emergency meetings may be called by the Chair of the Board of Directors on no less than two (2) days' notice given in person, by telephone, e-mail, confirmed fax or express/overnight mail. Such notice shall state the general character of the business proposed to be transacted at the emergency meeting.

- (c) Meetings of the Directors may be held at any place designated in the notice of meeting, and shall not be open to the membership unless the Board determines otherwise. At any regular or special meeting, the Directors may transact any business which may come before them whether or not contained in the notice of the meeting. At any emergency meeting, the Directors may transact only that business stated in the notice of the meeting. Meetings may be held at any time and without notice if all the Directors are present or if those not present waive notice of the meeting in writing or electronically.
- (d) Attendance by a Director at a meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called.

#### **Section 4.6 Quorum and Voting**

Each Director, except for Observing Directors, present at a meeting shall be entitled to one (1) vote. Directors may not vote by proxy. A quorum of the Directors shall consist of not less than one-half (1/2) of the Directors serving in office, excluding Observing Directors. An act approved by majority vote of Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

#### **Section 4.7 Removal**

Any Director, except Observing Directors, may be removed at any time by the affirmative vote of two-thirds (2/3) of all the Leadership Council PLUS Members, Leadership Council Members, or USPF Chapter member with equivalent membership rights as a Leadership Council Member in good standing. Observing Directors may be removed by Board resolution.

### **ARTICLE V**

#### **OFFICERS**

##### **Section 5.1 Number and Qualifications**

The officers of the Alliance shall be a Chair of the Board, a Vice Chair, a Technology Vice Chair, a Secretary, a Treasurer, and such Assistant Secretary, Assistant Treasurer or other officers as may be elected or appointed by the Board of Directors. In addition, the Board may establish the position of Chief Executive Officer (CEO), and the person holding such position may also have the title of President of the Alliance (such position, if established, is referred to herein as the "CEO/President"). If no such position is established, the Board may determine that the Chair of the Board will also have the title of President. Any two or more offices simultaneously may be held by the same person; provided, however, that the CEO/President, if there is one, may not hold another office. Except for the CEO/President, all officers shall be elected from among the members of the Board of Directors.

##### **Section 5.2 Election and Term of Office**

Except for the CEO/President (who shall be appointed by the Board of Directors from time to time to serve for such terms as the Board may determine in its discretion), the officers of the Alliance shall be elected by the Board of Directors at each annual meeting of Directors. If the election of such officers shall not be held at such meeting, such election shall be held as soon thereafter as is convenient. Each officer shall hold office until a successor is duly elected or appointed, until such officer's death or until such officer resigns or is removed from office in the manner provided herein. The Chair of the Board may serve no more than two (2) consecutive terms in such office, unless the Board, by a two-thirds (2/3) vote, makes an exception. Vacancies in such offices may be filled or new offices filled at any meeting of the Board of Directors.

##### **Section 5.3 Removal**

Any officer elected or appointed by the Board of Directors may be removed as an officer at any time by the affirmative vote of a majority of the entire Board of Directors, as then constituted.

#### **Section 5.4 Powers and Duties of the CEO/President and Chair of the Board**

- (a) Subject to the direction of the Board of Directors, the CEO/President shall be responsible for the general management of the day-to-day operational activities of the Alliance and shall have such other powers and duties as the Board may prescribe from time to time. The CEO/President shall report to the Board of Directors and shall serve as an ex-officio member of the Board of Directors with voice, but no vote. Additionally, the CEO/President shall be the Board's representative to any contractor or provider of services to the Alliance.
- (b) The Chair of the Board shall preside at all meetings of the Board of Directors, shall exercise general supervision over the Alliance's activities, shall actively supervise and oversee the management performance of the CEO/President, and shall have such other powers and duties as the Board may prescribe from time to time. Subject to the direction of the Board of Directors, the Chair of the Board shall see that all votes and resolutions of the Board are carried out. The Chair of the Board shall be the Chair of the Executive Committee and shall have such other powers and duties as the Board of Directors may prescribe from time to time.

#### **Section 5.5 Powers and Duties of the Vice Chair**

In the absence or disability of the Chair, a Vice Chair selected by the Board (which could be the Technology Vice Chair or any other Vice Chair) shall perform the duties and exercise the powers of the Chair. In addition, the Vice Chairs shall have such other powers and duties as the Board may prescribe from time to time. The Technology Vice Chair shall, in addition to his or her other duties and responsibilities, shall be a point of contact for, and represent the specific interests of, the vendor Members of the Alliance. A vendor Member, which may be a Member of any category, means one of the following: a smart card manufacturer, smart card component manufacturer (hardware or software), smart card terminal manufacturer, smart card terminal component supplier (hardware or software), smart card software developer, or a smart card system integrator.

#### **Section 5.6 Powers and Duties of the Secretary**

The Secretary shall attend all meetings of the Directors and shall be responsible for recording all votes and the minutes of all proceedings in a book to be kept for that purpose and may perform like duties for any committee. The Secretary shall give, or cause to be given by the staff, notice of all meetings of the Directors and shall have such other powers and duties as the Board may prescribe from time to time.

#### **Section 5.7 Powers and Duties of the Treasurer**

The Treasurer shall have the custody of the corporate funds and securities, and shall be responsible for keeping full and accurate accounts of receipts and disbursements in books belonging to the Alliance, and depositing all monies and other valuable effects in the name and to the credit of the Alliance in such depositories as may be designated by the Board. The Treasurer shall be responsible for disbursing the funds of the Alliance as may be ordered by the Board, taking proper vouchers for such disbursements, and rendering to the Chair and the Board of Directors, at a regular meeting of the Directors, or whenever they may require it, an account of all transactions of the Treasurer and of the financial condition of the Alliance. In accordance with Section 3.6, the Treasurer shall notify, or direct the staff to notify, Members that are delinquent in paying dues to the Alliance. The Treasurer shall have such other powers and duties as the Board may prescribe from time to time.

#### **Section 5.8 Powers and Duties of the Assistant Secretary**

In the absence or disability of the Secretary, the Assistant Secretary (if any) shall, unless the Board otherwise determines, perform the duties and exercise the powers of the Secretary. The Assistant Secretary shall have such other powers and duties as the Board may prescribe from time to time.

**Section 5.9 Powers and Duties of the Assistant Treasurer**

In the absence or disability of the Treasurer, the Assistant Treasurer (if any) shall, unless the Board otherwise determines, perform the duties and exercise the powers of the Treasurer. The Assistant Treasurer shall have such other powers and duties as the Board may prescribe from time to time.

**ARTICLE VI**

**COMMITTEES**

**Section 6.1 Board Committees**

The Board of Directors shall create an Executive Committee as a permanent committee of the Board. It shall consist of the Officers of the Alliance. The Chair of the Board shall serve as Chair of the Executive Committee.

**Section 6.2 Executive Committee**

The term of membership on the Executive Committee shall be one (1) year. In performing its responsibilities, the Executive Committee may act in place of the full Board of Directors; provided, however, that the Executive Committee shall be subject to the order of the Board of Directors.

**Section 6.3 Membership and Nominating Committee**

The Board may establish a Membership and Nominating Committee to receive expressions of interest from individuals who desire to be a candidate for a position on the Board of Directors, perform the duties of accepting and reviewing applications for membership, and have such other powers and duties as the Board of Directors shall prescribe.

**Section 6.4 Other Committees**

The Board of Directors may create additional committees, including Marketing, Applications and Technical Committees, consisting of Directors, representatives of Members, Executive Staff, or any combination thereof, to carry out the business of the Alliance or to maintain liaison between the Board and Members and between the Alliance and other interested organizations. The Board shall appoint a Chair for each such committee, who shall report to the Board.

**ARTICLE VII**

**CHECKS, CONTRACTS AND OTHER DOCUMENTS  
THAT BIND THE CORPORATION**

All checks or demands for money, notes of the Alliance, contracts or other documents that bind the Alliance shall be signed by such officer or officers or such other person or persons as the Board may from time to time designate.

**ARTICLE VIII**

**FISCAL YEAR AND AUDITORS**

**Section 8.1 Fiscal Year**

The fiscal year shall begin on the first day of July and shall end on the last day of June each year, unless the Board otherwise determines.

**Section 8.2 Auditors**

The Board of Directors may appoint a firm of independent auditors to review or compile the books of account of the Alliance and to report not less than annually on the financial condition of the Alliance. The Board of Directors may direct the performance of an audit at any time.

## **ARTICLE IX**

### **NOTICES**

#### **Section 9.1 Form of Notices**

Whenever under the provisions of these Bylaws notice is required, it shall not be construed to mean personal notice. Except as otherwise provided by law or in these Bylaws, such notice may be given in writing, by mail, by e-mail or other electronic measures, mailgram, telecopier, or express mail addressed at such address for the recipient as appears in the records of the Alliance. Except as otherwise provided by law or in these Bylaws, such notice shall be deemed given at the time it is delivered to the carrier.

#### **Section 9.2 Waiver**

Any notice required to be given under these Bylaws may be waived in writing or by e-mail.

## **ARTICLE X**

### **ACTION WITHOUT PERSONAL ATTENDANCE AT MEETING**

#### **Section 10.1 Participation by Telecommunications Device**

Any or all Directors may participate in a meeting of the Board of Directors, or a committee thereof, by any means of communication by which all Directors participating in the meeting are able to hear one another or otherwise participate electronically, and such participation shall constitute presence in person at the meeting.

#### **Section 10.2 Written Consent**

Any action required or permitted to be taken at any meeting of the Board of Directors or any committee thereof may be taken without a meeting if all members of the Board of Directors or committee, as the case may be, consent in writing to such action. Any action required or permitted to be taken at any meeting of the Leadership Council Members may be taken without a meeting if a consent or consents in writing, setting forth the action so taken, shall be signed (including electronically) by Leadership Council Members having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all Leadership Council Members having a right to vote were present and voted (except where a greater number of signatures of Leadership Council Members is required by law). Such written consent or consents shall be delivered to the Alliance by delivery to its Leadership Council office or to the Secretary by hand, mail, fax or e-mail.

## **ARTICLE XI**

### **COMPENSATION FOR SERVICES**

The Board of Directors may authorize the payment of reasonable compensation for services rendered by employees and agents of the Alliance. The Directors and officers of the Alliance shall serve without salary or other compensation; provided, however, that the CEO/President and other staff may receive salaries if employed by the Alliance.

## **ARTICLE XII**

### **DISSOLUTION**

The Alliance may be dissolved by a two-thirds (2/3) vote of the entire Board of Directors, as then constituted, and subsequent approval by a majority of the Leadership Council PLUS Members, Leadership Council Members, or USPF Chapter member with equivalent membership rights as a Leadership Council Member in good standing.

The assets and surplus funds of the Alliance will be distributed pursuant to Board resolution at the time of dissolution.

## **ARTICLE XIII**

### **INDEMNIFICATION**

#### **Section 13.1 Indemnification by Alliance**

- (a) For the purposes of this Article XIII, “agent” means any person who is or was a Director, officer, employee, consultant, or professional legal, tax or accounting adviser of the Alliance, or who served on or as a resource to any Alliance Committee, or is or was serving at the request of the Alliance as a Director or officer of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise; “proceeding” means any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative; and “expenses” includes without limitation attorneys’ fees and any expenses of establishing a right to indemnification.
- (b) The Alliance shall, to the fullest extent permitted by law, indemnify any person who was or is a party or is threatened to be made a party to any proceeding by reason of the fact that such person is or was an agent of the Alliance, against expenses, attorneys’ fees, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding.
- (c) In the event entitlement to indemnification is required by law to be based upon a determination by the Board of Directors or the Leadership Council Members that the agent has met the standards of conduct prescribed by law, the agent may select which body shall, or that both bodies shall, make such determination, and such body shall meet and shall reach a determination on the issue within a reasonable period of time after request for such body to meet is received by the Alliance from the agent. In the event entitlement is denied under these circumstances, the agent may appeal such decision to a Committee of Lawyers selected by the Board and may appeal such decision to the judicial system.

#### **Section 13.2 Advancing Expenses**

The Alliance shall advance to each agent the expenses incurred in defending any proceeding referred to in Section 13.1 of these Bylaws. The advance shall occur prior to the final disposition of such proceeding and upon receipt of an undertaking by or on behalf of the agent to repay such amount unless it shall be determined ultimately that the agent is entitled to be indemnified as authorized in Section 13.1 of these Bylaws.

#### **Section 13.3 Insurance**

The Alliance shall have the power to purchase and maintain insurance on behalf of any agent of the Alliance against any liability asserted against or incurred by the agent in such capacity or arising out of the agent’s status as such whether or not the Alliance would have the power to indemnify the agent against such liability under the provisions of this action.

## **ARTICLE XIV**

### **NO WARRANTY**

Members and the Alliance make no express or implied warranty as to any matter whatsoever, including the conditions of the research or any invention or product, whether tangible or intangible, made or developed by the

Alliance or in the course of its activities, or made or developed by Members in the course of pilot or market trials that they may or may not commence, or the ownership, merchantability, or fitness for a particular purpose, of any research, invention, product or submission. This provision shall survive the resignation, expulsion or cessation of business of any Member or dissolution of the Alliance.

## **ARTICLE XV**

### **AMENDMENTS**

The Certificate of Incorporation of the Alliance may be amended by a two-thirds (2/3) vote of the Leadership Council Members at a meeting of the Members called between five (5) and sixty (60) days subsequent to a Board of Directors' resolution recommending amendment. The Bylaws of the Alliance may be amended by a majority vote of the Leadership Council PLUS Members, Leadership Council Members, or U.S. Payments Forum Chapter member with equivalent membership rights as a Leadership Council Member, provided that the proposed amendment is submitted in writing to the voting members either for written vote as provided in Section 10.2 or, if at a meeting, at least five (5) days prior to the meeting at which such amendment will be considered.

THESE BYLAWS WERE READ, APPROVED AND ADOPTED BY THE BOARD OF DIRECTORS OF SMART CARD ALLIANCE ACTING THROUGH THE EXECUTIVE COMMITTEE ON THE 20th Day OF FEBRUARY, 2017.