

# API Council Charter

June 2025  
Version 5

## Introduction

The board of Payments NZ (the Board) has agreed to establish the API Council to assist it with the governance of the API Centre.

The API Centre is responsible for:

- developing, maintaining and publishing API Standards;
- promoting system efficiency, safety and innovation through the use of the API Standards by registered API Standards Users on agreed terms and conditions; and
- facilitating API Standards Users entering into partnerships to bring new innovations to market more simply and quickly.

## Purpose of Charter

This Charter sets out the composition, duties, responsibilities, authority and proceedings of the API Council.

## Composition of API Council

The Board must appoint each of the members of the API Council. The API Council will be comprised of:

- three independent members;
- up to five members nominated by each of the five largest API Providers (based on percentage share of national interchange volume in the bulk electronic clearing system operated by Payments NZ);
- up to one member nominated by remaining API Providers; and
- up to six members nominated by Third Parties.

### Board to appoint three independent members

The Board must appoint three independent members of the API Council. An independent member must not be a shareholder, director, officer, employee or contractor of a registered API Standards User or have any other interest in an API Standards User such that his or her impartiality may be called into question. An independent director of Payments NZ is eligible to be an independent member of the API Council.

### Members nominated by API Providers

The following may nominate one person for appointment to the API Council:

- (a) each of the five largest API Providers (based on percentage share of national interchange volume in the bulk electronic clearing system operated by Payments NZ)

- (b) all of the remaining API Providers collectively, based on majority support by number from remaining API Providers, such nominations to be sought every two years, or when a vacancy arises.

## Members nominated by Third Parties

Third Parties may, based on majority support by number from the Third Parties, make nominations for the appointment to the API Council of up to six members, one of whom must be from the smallest Third Party category represented in the API Centre at the time of appointment. Third Party nominations must be sought every two years, or when a vacancy arises.

## Nominations based on majority support

Where API Providers or Third Parties can, by majority support by number, make nominations for appointment to the API Council, the following process will apply:

### *API Providers*

Every two years, the API Centre will ask each API Provider (who is not one of the five largest API Providers) whether that API Provider wishes to propose a candidate for consideration for nomination by majority support to the API Council.

If an API Provider wishes to propose a candidate, it must advise the API Centre in writing by the date specified by the API Centre.

The API Centre will circulate voting papers to each API Provider (who is not one of the five largest API Providers) which will specify the names and details of the candidates and the date by which the voting papers must be returned to the API Centre.

Each API Provider who receives voting papers is entitled to vote for one candidate. Within five business days of the date on which the voting papers must be returned, the Chief Executive of Payments NZ will count the votes and the candidate with the most votes will be eligible to be nominated for appointment to the API Council. In the event that there is a tied vote result, the candidate will be decided by lot. The Chief Executive will choose the method and this will be done in the presence of two directors of Payments NZ. If two directors are not available within a reasonable time, two senior staff members from Payments NZ will assume the responsibility.

The API Centre will advise each API Provider who was entitled to vote of the successful candidate.

### *Third Parties*

Every two years, the API Centre will ask each Third Party whether that Third Party wishes to propose a candidate for consideration for nomination by majority support to the API Council.

If a Third Party wishes to propose a candidate, it must advise the API Centre in writing by the date specified by the API Centre. The Third Party must also advise the Centre of anything a fair-minded observer might reasonably think could cause that candidate not to bring an impartial mind to decisions of the API Council (having regard to their intended role in representing Third Parties on the API Council) such as the ultimate beneficial owners of that Third Party and any significant commercial or legal arrangements that Third Party has.

The API Centre will circulate voting papers to each Third Party who is entitled to propose a candidate which will specify the names and details of the candidates and the date by which the voting papers must be returned to the API Centre.

Each Third Party who is entitled to propose a candidate is entitled to vote for one candidate. Within five business days of the date on which the voting papers must be returned, the Chief Executive of Payments NZ will count the votes and the candidate with the most votes will be eligible to be nominated for appointment to the API Council. In the event that there is a tied vote result, the candidate will be decided by lot. The Chief Executive will choose the method and this will be done in the presence of two directors of Payments NZ. If two directors are not available within a reasonable time, two senior staff members from Payments NZ will assume the responsibility.

The API Centre will advise each Third Party of the successful candidate.

#### *Notification of a change of circumstances.*

If during the course of a Third Party member's term on the Council, there is a material change in circumstances (for example, a change to the ultimate beneficial owners of the Third Party, and any significant commercial or legal arrangements that Third Party has), the Independent Committee must meet to determine whether this interest requires the API Centre to advise eligible Third Parties of this change, and whether a by-election is then held.

Where the Independent Committee, in accordance with the Charter, the Institute of Directors – "Conflicts of Interest practice guide" and any other guidelines that the Independent Committee considers relevant in the circumstances, determines that a material conflict of interest has arisen, the API Centre, must as soon as reasonably practicable:

- notify all eligible Third Parties of the material change in circumstances in relation to the current Third Party member; and

- hold a by-election for that Third Party member's seat.

The current Third Party member is eligible to re-stand in the by-election and is required to disclose, as part of the election process, the material change in circumstances that has caused the requirement for a new election.

Where there is more than one candidate, voting papers will be circulated to eligible Third Parties, and the candidate with the most votes will be eligible to be nominated for appointment to the API Council.

As set out under the heading, "Third Parties" above, in the event of a tied result, the candidate will be decided by lot. The Chief Executive will choose the method, and this will be done in the presence of two directors of Payments NZ. If two directors are not available within a reasonable time, two senior staff members from Payments NZ will assume the responsibility.

## Nominees must be qualified to act as a member of the API Council

The Board may only appoint a person to be a member of the API Council if the Board is satisfied that the person is qualified to act as a member of the API Council, namely that:

- the person has the necessary expertise to act as a member of the API Council; and
- the nominee will exercise any powers delegated to the API Council in the best interests of the API Centre.

The Board may request any information from the nominating party about the person nominated in order to satisfy itself that the person nominated is qualified to act as a member of the API Council.

## Nomination of member of API Council

Each nomination for appointment of a member to the API Council by an API Provider or Third Party must:

- be in writing;
- be signed by the API Provider or Third Party making the nomination, or for a person nominated by majority support from API Providers or Third Parties, be signed by the employer of the person being nominated;
- state the reasons why the person nominated has the necessary expertise to act as a member of the API Council;
- contain an undertaking from the following in favour of Payments NZ and each director to ensure, to the extent practicable, that the person nominated, if appointed as a member of the API Council, will comply with his or her obligations under this Charter:
  - the API Provider or Third Party making the nomination; or

- for a person nominated by majority support from API Providers or Third Parties, the employer of the person nominated; and
- be endorsed with an acknowledgment from the person nominated that he or she acknowledges and agrees to the duties and responsibilities of a member of the API Council under this Charter.

## Observers

The Chair of the API Council may invite a representative from the Ministry of Business, Innovation and Employment to attend API Council meetings as an observer and speak at API Council Meetings. That person may not vote at API Council meetings.

The Chair of the API Council may invite other API Standards Users or industry representatives to meetings of the API Council provided that protocols of attendance (including any confidentiality and conflict of interest arrangements) have been agreed.

An API Standards User may, no later than two business days before a meeting of the API Council, ask to attend the meeting as an observer. The Chair of the API Council will determine whether to approve the request.

A representative of Payments NZ is entitled to be present at each meeting of the API Council and may speak at a meeting of the API Council but has no right to vote at a meeting of the API Council.

## Term of office

The term of office of each member of the API Council commences when the Board passes a resolution confirming the appointment pursuant to the Payments NZ constitution.

### API Council Members nominated by API Providers and Third Parties

The term of office of each member of the API Council nominated by an API Standards User or API Standards Users continues until:

- the person resigns from office by notice in writing to the API Council;
- the person ceases to be employed by the API Provider or Third Party that nominated that person;
- the person is absent without the consent of the Chair of the API Council from meetings of the API Council held during a period of six months and the Chair of the API Council gives written notice accordingly to that person;
- the person is removed from office by the API Provider or Third Party that nominated that person, by notice in writing to the API Council;
- as a result of withdrawal or termination from the API Centre, the API Provider or Third Party that nominated the person ceases to be an API Standards User, or in

- the case of a person nominated by majority support from API Providers or Third Parties, the person's employer ceases to be an API Standards User; or
- that person is removed from office by the Board, by written notice; or
- in the case of members nominated by API Providers or Third Parties collectively, their two year term ends.

A notice of resignation or removal from office (on the basis of one of the grounds listed above) takes effect upon its receipt by the API Council.

Where a member of the API Council ceases to hold office, the API Standards User or API Standards Users that nominated that member may nominate a replacement member of the API Council in accordance with this Charter.

Each member nominated by API Providers or Third Parties collectively is entitled to be considered for re-nomination for a further term (or Term) of two years.

An API Council member must not attend an API Council meeting or vote at an API Council meeting if:

- in the case of a member nominated by an API Provider or Third Party, the API Provider or Third Party is suspended as an API Standards User; or
- in the case of a member nominated by a majority support from API Providers or Third Parties, the employer of the member is suspended as an API Standards User.

## API Council Independent Members

Each independent member of the API Council is appointed for a period of two years and continues in office for the period of the appointment or until that person:

- resigns from office by notice in writing to the API Council; or
- is removed from office by the Board, by written notice.

A notice of resignation or removal from office takes effect upon its receipt by the API Council.

Each independent member of the API Council is entitled to be re-elected as an independent member of the API Council and may be re-appointed by the Board for a further term (or terms) of two years.

## When notice of resignation or removal takes effect

A notice of resignation or removal takes effect when the API Council receives the notice.

## Duties of API Council

Each member of the API Council must, when acting as a member of the API Council:

- act in what he or she believes to be the best interests of the API Centre;
- not act, or agree to the API Centre acting, in a manner that contravenes, or causes the directors of Payments NZ to contravene, the Companies Act or the constitution of Payments NZ;
- act honestly in the exercise of his or her powers and the discharge of his or her duties;
- exercise a reasonable degree of care, skill and diligence in the exercise of his or her powers and the discharge of his or her duties;
- not make improper use of information acquired by virtue of his or her position as a member of the API Council to gain, directly or indirectly, an advantage for himself or herself or for any other person or to cause detriment to the API Council or the API Centre; and
- not make improper use of his or her position as a member of the API Council to gain, directly or indirectly, an advantage for himself or herself or for any other person or to cause detriment to Payments NZ.

## Responsibilities of the API Council

Matters for which API Council is responsible

The API Council is responsible for:

- developing, maintaining and publishing API Standards, including the release of new API Standards and major changes to existing standards;
- approving the annual API standards pipeline development plan;
- approving policies for managing the API standards, including change management processes, versioning protocols and policies for managing the lifecycle of an API standard from its creation to its expiry;
- monitoring the use and adoption of the API Standards;
- recommending an annual work plan, strategic agenda, and budget to the Board for approval;
- monitoring, through the annual attestation process, compliance by API Standards Users with the API Centre Terms and Conditions and the API Standards;
- managing breach, suspension, and termination processes in relation to API Standards Users as set out in the Terms and Conditions;
- maintaining the Register of API Standards Users and Key Contacts;
- maintaining a confidential register of Bilateral Agreements entered into between API Standards Users to enable the API Council to notify a Bilateral Counterparty;



- notifying risk events to affected API Standards Users by informing them as soon as reasonably practicable after the API Council becomes aware of the risk event, including:
  - viruses, malware, or other harmful code and DOS/DDOS or such attacks affecting API Standards Users; or
  - an Insolvency Event in respect of an API Standards User; or
  - a Material Risk Event;
- monitoring the Terms and Conditions to ensure that they continue to promote system efficiency, safety and innovation through the use of the API Standards by registered API Standards Users and making recommendations to the Board on the need for any amendments to the Terms and Conditions following consultation with API Standards Users;
- providing and maintaining appropriate systems and tools, including:
  - a API Centre website, Confluence and GitHub
  - an Industry Sandbox in which API Standards Users can test APIs developed using the API Standards;
- making recommendations to the Board in relation to the procurement of major outsourced providers;
- maintaining and managing a due diligence service to make it easier and more efficient for API Providers and Third Parties to enter into bilateral agreements, including publishing a due diligence questionnaire on the API Centre website;
- maintaining a Template Bilateral Agreement and making this available on the API Centre website;
- reporting to the Board to enable the directors to perform their duties under the Companies Act; and
- establishing working groups to assist the API Council to develop and maintain API Standards, including:
  - the API Standards Business Working Group; and
  - the API Technical Working Group.

## API Council remains accountable to Board

The API Council remains accountable to the Board for the proper discharge and performance of its powers, duties and authorities and must exercise any delegated powers in accordance with any directions of the Board.

## Board to consult with API Council

The Board must consult with the API Council before issuing any directions regarding the exercise of powers which have been delegated to the API Council.

## Independent Committee

The independent members of the API Council will form the Independent Committee of the API Council.

## Matters for which Independent Committee of API Council is responsible

The Independent Committee of the API Council is responsible for:

- assisting the API Council in managing breach, suspension and termination processes when:
  - requested to do so by the API Council; or
  - requested by an API Standards User who is the subject of a breach, suspension or termination event under the terms and conditions;
- considering any dispute between Bilateral Counterparties referred to it in accordance with the Terms and Conditions;
- considering and making recommendations on matters relevant to the API Centre where conflicts of interest arise or commercially sensitive information is involved;
- making recommendations to the Board on the setting of annual fees payable by API Standards Users.
- Undertaking an annual review of the API Centre Fees policy document and making recommendations to the Board in relation to any changes to the API Centre Fees Policy document from time to time.

## Authority of API Council

The API Council has authority to do the following:

- approve the development, maintenance and publication of API Standards, including the release of new API Standards and major changes to existing standards;
- approve expenditure and contracts within the terms of the budget approved by the Board.

## Proceedings of API Council

### Independent Member to be Chair

An Independent Member of the API Council will be appointed by the Board to act as Chair of the meetings of the API Council.

Where a meeting of the API Council is held and the Chair:

- is not present within 15 minutes from the time appointed for the commencement of the meeting; or
- is unable or unwilling to act,

the members present may elect one of their number to be Chair of the meeting.

### Convening a meeting

The API Council may meet and adjourn as it thinks fit but should meet often enough to ensure that it undertakes its role effectively. The intention is that the API Council meets at least quarterly.

The Chair of the API Council may, at his or her discretion (and is to do so at the request in writing of the Board or any two members of the API Council), convene meetings of the API Council.

If the Chair of the API Council believes that an urgent meeting is required, the Chair may call a meeting on such notice as he or she considers appropriate.

Except for an urgent meeting, a notice of meeting and an agenda must be sent to each API Council member at an email address provided by that API Council member not less than seven days before the meeting.

A copy of the notice of meeting and agenda will be sent to all registered API Standards Users.

API Council members and API Standards Users have the right to request that an item be added to the agenda for an API Council meeting.

The Chair of the API Council will determine whether to grant any request received to add an item to the agenda.

The non-receipt of notice of a meeting of the API Council by, or the accidental omission to give notice of an API Council meeting to, an API Council member (or an API Standards User) does not invalidate any resolution passed at the meeting of the API Council

## Quorum

The quorum for a meeting of the API Council is two-thirds of all members of the API Council entitled to vote at the relevant time, provided that representatives from at least two API Providers and two Third Parties, and one Independent Member are present.

The API Council may act notwithstanding any vacancy in its body.

## Voting

Each member of the API Council, including the Chair, shall have one vote and any resolution put to the API Council will be answered in the affirmative if:

- 70% of those in attendance cast their votes in favour of the resolution; and
- Representatives from at least two API Providers and two Third Parties, and one Independent Member cast their votes in favour of the resolution.

A declaration by the Chair that a resolution has been carried by the requisite majority is conclusive evidence that the resolution has been passed.

Any member of the API Council who is nominated by an API Standards User that is the subject of a possible breach, suspension, or termination event pursuant to the Terms and Conditions may not vote on any resolution relating to the breach, suspension or termination event.

## Written resolution of API Council

A resolution in writing, signed or assented to by the number of API Council members who would have been able to approve the matter the subject of the resolution at a duly convened and held meeting at which all members of the API Council entitled to receive notice of a meeting of the API Council were in attendance, is as valid and effective as if it had been passed at a meeting of the API Council duly convened and held, provided that the written resolution was sent to all members of the API Council before the resolution is passed.

The resolution may consist of several documents each signed or assented to by one or more members of the API Council.

## Referral of matter to the Board

Any member of the API Council may refer a decision of the API Council to the Board for consideration. The member must provide sufficient information to the Board about the decision to enable the Board to decide whether or not to approve the decision of the API Council.

A member of the API Council wishing to do so must refer the decision to the Board within 5 days of the decision being made.

The Board must consider the decision no later than the next scheduled Board meeting and no such decision of the API Council has effect unless it is approved by the Board.

## Validity of acts

All acts done by any meeting of the API Council, or by any person acting as a member, are valid notwithstanding:

- any defect in the appointment of any member of the API Council or person acting as a member; or
- that he or she was, or any of them were, disqualified; or
- any irregularity in a notice of meeting.

## Information to be provided to Board

The Board is required, by section 130(2)(b) of the Companies Act, to monitor, by means of reasonable methods properly used, the exercise by the API Council of the powers delegated by the Board to the API Council under the Terms and Conditions of the API Centre and this Charter.

The API Council will provide any information to the Board about the affairs of the API Council that the Board may request in order that the Board is able to monitor the exercise of those powers.

## Confidentiality

API Council members must treat any confidential information received in their capacity as API Council members as confidential.

If, for the purposes of carrying out their functions, API Council members require input from their nominating API Standards User, API Council members may disclose confidential information to any employee, contractor, adviser or consultant of their nominating API Standards User, provided that such persons:

- need to know the confidential information to provide the advice; and
- are advised by the API Council member that the information is confidential.

If information provided to API Council members is identified by Payments NZ as legally privileged, then members of the API Council may only disclose that legally privileged information to their internal or external company counsel who must ensure that legal privilege is maintained.

When an API Council member ceases to hold office, that member must delete all confidential information received in his/her capacity as an API Council member except to the extent that the member is required by Law to retain the information.

## Conflicts of interest

API Council members are in respect of matters delegated to them deemed directors and are subject to the Companies Act 1993. The Companies Act makes it clear that directors must not take improper advantage of their position, and they are legally required to act in the best interests of the Company. In addition to this, directors must disclose any conflict of interest in transactions.

An API Council member who has an interest in any matter under consideration by the API Council is required to disclose that interest to the API Council. All interests are recorded on the API Council Interest register. Maintenance of the interests register is a standing agenda item at Council meetings where Council members are required to review, and if necessary, update their interests.

It is acknowledged that API Council members will have an interest in many matters discussed by the API Council given that the members are representatives of API Standards Users. In the ordinary course, it is accepted that this conflict will not prevent an API Council member from discussing and voting on matters affecting API Standards Users.

Following the disclosure of an interest, if this creates either a perceived or real conflict, the Independent Committee of the API Council is responsible for managing this conflict, in accordance with the Charter, the Institute of Directors “Conflicts of Interests – Practice Guide” and any other guidelines that the Independent Committee considers appropriate in the circumstances.

Where the interest relates to a Third Party Council member’s material change in circumstances (for example, a change to the ultimate beneficial owners of the Third Party, and any significant commercial or legal arrangements that Third Party has), and the Independent Committee determines that a material conflict has arisen, the API Centre will follow the process set out under the heading, “Notification of a change of circumstances” set out in the Charter.

Prior to and during a Council meeting, the Chair of the API Council will ensure that any conflicts (or potential conflicts) of interest are managed effectively. This includes:

- consulting with the relevant Council member;
- determining whether a conflict exists;
- discussing this matter with the Independent Committee of the API Council; and
- seeking independent advice, if required.

Where, in the Chair's opinion, there is a material conflict, the Chair will advise that interested API Council member should not:

- be present at the meeting while the matter is being discussed;
- vote on the matter; or
- be included in a quorum in relation to the matter.

However, if a majority of API Council members who do not have such an interest in the matter resolve that the interest should not disqualify the API Council member from attending and voting on the matter, then that interested API Council member may attend, vote and be included in the quorum on the matter.

## Minutes

The API Council must ensure that proper written minutes are kept of all meetings of the API Council and that:

- copies of those minutes are available at all times to the Board and API Standards Users; and
- copies of reports and other materials provided to members of the API Council are also available at all times to the Board.

The API Council may redact parts of the minutes (prior to circulating to all API Standards Users or the MBIE observer) on one of the following grounds:

- Legal privilege;
- Commercial sensitivity;
- Confidentiality obligations;
- Privacy Act obligations.

## Other procedures

Except as set out in this Charter, the API Council may regulate its own procedures.

## Expenditure

Each expense incurred by the API Council, any working group of the API Council, any member of the API Council or working group, or any other person in the performance of his or her duties under the Terms and Conditions or this Charter is to be, in accordance with the financial budgets of Payments NZ, approved by the Board or otherwise determined by the board or the Chief Executive (either specifically or on a general basis).

## Definitions

All terms used but not defined in this Charter shall have the meaning set out in the Terms and Conditions.