

NCPDP BYLAWS

This document contains the rules related to the management of the National Council for Prescription Drug Programs' internal operations.

May 2018

National Council for Prescription Drug Programs, Inc.
9240 East Raintree Drive
Scottsdale, AZ 85260
Phone : (480) 477-1000
Fax : (480) 767-1042
e-mail : ncdpd@ncdpd.org



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National Council for Prescription Drug Programs, Inc.

9240 East Raintree Drive

Scottsdale, AZ 85260

(480) 477-1000

ncpdp@ncpdp.org

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I. NAME, OFFICES, AND FISCAL YEAR

A. Name

The name of the Corporation shall be the National Council for Prescription Drug Programs, Inc., hereinafter referred to as the Council.

B. Principal Office

The Principal office of the Council shall be in Maricopa County in the state of Arizona.

C. Other Offices

The Council may establish other offices at such places as the Board may deem appropriate.

D. Fiscal Year

The fiscal year of the Council shall begin each year on January 1.

II. PURPOSE, OBJECTIVE AND APPROACH

A. Purpose

The purpose of the Council is to promote standardization that delivers increased efficiency to the pharmacy services sector of the healthcare industry by exploration and application of appropriate knowledge transfer technologies within the diverse group of healthcare providers, payers and related information processors that are participants in this segment of the healthcare industry and all activities related thereto.

B. Objective

The Council will accomplish this purpose by establishing and maintaining a forum that facilitates development, publication, implementation, maintenance and control of standards for information processing; and which promotes and monitors the use of these standards among its diverse membership and other interested or materially affected parties.

C. Approach

1. Methods

Through open communication, active pursuit of balanced representation, and continuous consensus building, all of which are conducted to ensure due process, the Council will operate standardization Maintenance and Control Work Group and Technical Work Group(s) ("Work Groups") which develop standards documents and maintain records of all Work Group explorations and considerations, according to applicable sections of the NCPDP *Bylaws* and the NCPDP *Standing Operating Procedures*. Records of Work Group proceedings, all ballots including all comments, negative votes and Work Group responses, shall be retained on file by the Council for at least seven years. Records concerning new, revised, or reaffirmed American National Standards shall be retained for one complete standards cycle (as determined by the American National Standards Institute), or until the standard is revised. Records concerning withdrawn standards shall be retained for at least five years from the date of withdrawal. The information content of the Council's standards documents shall not intentionally unfairly favor the proprietary characteristics, interests, specific products or systems of one organization or company over another.

2. Ownership

The Council shall copyright and own all standards documents created by its Work Groups, although the information content of these items shall be in the public domain, be actively

promoted for use by any interested party, and be provided by the Council to any party upon payment of nominal charges as established by the Board. The Council's copyrights shall be monitored to assure control of the accuracy of published standards documents although they shall not prevent the Council from granting authority for accurate reproduction and further dissemination of those materials in order to promote the use of those standards.

The Council shall develop and own products and services as appropriate, and protect them accordingly.

3. Financial Structure

NCPDP shall operate as a not-for-profit association with funding from sources such as but not limited to membership dues, meeting registration fees, delivery of membership services, provider services, joint ventures, sponsorship opportunities, publication sales fees and standards subscription fees. All fees are approved by the Board.

III. MEMBERSHIP

A. Qualification

Membership shall be open to all persons who are directly, indirectly, or materially affected by the production of the Council standards documents. Membership shall not be conditional upon membership in any other organization or unreasonably restricted on the basis of technical qualifications or other such requirements. A member in good standing is defined as when there is no outstanding payment due for membership fees or any pending action by the Board. A membership may be terminated for cause by majority vote of the Board.

B. Application

Any person may make application for such membership by filing an application with the Council accompanied by payment of dues.

The following special case considerations apply equally to all member classes defined in Section III.D.

1. Delinquency and Cancellation

Any member of the Council who shall be delinquent in their dues shall be notified of such delinquency and suspended from further services and forfeit all rights and privileges of membership, unless such suspension, at the request of the member, is waived by affirmative action of the Executive Committee.

2. Refunds

No dues shall be refunded to any member whose membership terminates for any reason.

3. Hardship Appeals

In order to ensure that there are no undue barriers to access of Council industry standard documents or their development and maintenance processes, the Board shall ensure that those dues, fees and membership service prices are not unfairly prohibitive to any interested or materially affected party. The Executive Committee shall have the right to waive or adjust such dues, fees and prices on an individual basis following favorable review of a written request to the President containing evidence of hardship.

C. Resignation

Any member may resign at any time by sending notice thereof in writing to the Council.

D. Classes of Membership

Members shall classify themselves in accordance with established classes of membership, as described in this document, at the time dues are paid. In cases of non-classification, misclassification, conflict or challenge, the Executive Committee or Standardization Co-Chairs, or designees thereof, shall appropriately assign the classification. A member working for a company that conducts diverse business functions that could be classified under more than one membership class must declare the one class of membership of the Council they will represent. Multiple classes may be represented by a company's individual members, based on their job functions or points of interest. This characterization shall be for the purpose of determining and monitoring balance during data maintenance ballot voting and Work Group handling of data maintenance ballot comments on actions pertaining to the approval or adoption of the Council's standards documents.

1. Classes of Membership

The following four classes of membership are defined solely for the purpose of monitoring balance according to this document, and during data maintenance ballot voting and Work Group handling of data maintenance ballot comments on actions pertaining to the approval or adoption of the Council's standards documents, or any portion thereof:

a) Producer/Provider

This membership classification grouping shall be the combination of Producer and Provider members as defined:

(1) Producer

A member who as an individual or as a representative of an organization that creates prescription drug products, using owned or supplied products, systems or services that may incorporate or use the Council's standards documents, who is not otherwise more appropriately classified as a Provider, Payer/Processor, Vendor or General Interest member, shall be classified as a Producer. The producer community includes but is not limited to pharmaceutical manufacturers.

(2) Provider

A member who as an individual or who represents an organization that orders and/or delivers pharmaceutical products and/or professional pharmacy services to consumers using owned or supplied products, systems or services that may incorporate or use the Council's standards documents, who is not otherwise more appropriately classified as a Producer, Payer/Processor, Vendor or General Interest member, shall be classified as a Provider. The provider community may include several different types of members from the categories and groups of members specified in this document, including but not limited to, pharmacists and pharmacies, such as those who provide services to inpatient and/or outpatient care settings. The provider community may also include physicians, other prescribers and other providers of care. Others who

may be included are those who primarily provide administrative, support, or consulting services to other members in this class.

b) Payer/Processor

A member who as an individual or as a representative of an organization that directly or indirectly purchases, provides insurance coverage for purchases, or provides administrative support services to purchasers, using owned or supplied products, systems or services that may incorporate or use the Council's standards documents, who is not otherwise more appropriately classified as a Producer/Provider, or Vendor/General Interest member, shall be classified as a Payer/Processor. The payer/processor community may include several different types of members from the categories and groups of members specified in this document, including but not limited to, healthcare payers, benefit administrators and claim/transaction processors. Others who may be included are those who primarily provide administrative, support, or consulting services to other members in this class.

c) Vendor/General Interest

This membership classification grouping shall be the combination of Vendors and General Interest members as defined:

(1) Vendor

A member who as an individual or as a representative of an organization that provides hardware or software products, product or information processing, transfer, or delivery services to purchasers or producers, using owned or supplied products, systems or services that may incorporate or use the Council's standards documents, who is not otherwise more appropriately classified as a Producer, Provider, Payer/Processor or General Interest member, shall be classified as a Vendor. The vendor community may include several different types of members from the categories and groups of members specified in this document, including, but not limited to, clearinghouses, database management companies, software or system vendors and product distributors.

(2) General Interest

A member who has a general interest in the Council's standards documents but does not fit into the Producer/Provider, Payer/Processor or Vendor membership classes shall be classified as a general interest member. The general interest community may include several different types of members from the categories and groups of members specified in this document, including, but not limited to, academia, consulting services, professional services, professional/trade associations and those that primarily provide other supporting services.

d) Student

The intent of the Student membership is to offer the student an understanding of NCPDP's role within the industry to create standards that support improved healthcare outcomes, visibility to the consensus building process, ability to participate in the development of solutions and access to networking opportunities.

(1) Definition of a “student”

A student is someone attending an accredited college who has interest in a temporary, limited NCPDP membership.

The student does not have to be enrolled in a program leading to a Pharmacy degree.

The student may be requested to provide confirmation of their college attendance/enrollment. Confirming materials include, but are not limited to, a copy of a current student body membership card, a copy of course enrollment confirmation, or other similar acknowledgments from the college to the applicant.

(2) Student membership levels

(a) Student One Time Entry

The Student One Time Entry membership is effectively an invitation to attend one work group meeting per calendar year to learn more about NCPDP. There is no membership fee for this membership level. This membership does not renew. This membership provides complimentary registration at a Work Group Meeting. There is no allowance for travel or other expenses related to the Work Group Meeting. This membership has limited access to member publications. This member may not assume leadership roles. This membership does not have voting privileges.

(b) Annual Student Membership

The Annual Student Membership is an annually renewable membership. The Council may set an annual membership fee for this membership level. This membership is afforded complimentary Work Group Meeting and Webinar registrations, and reduced rate registrations for Annual Conference and Educational Summit. There is no allowance for travel or other expenses related to program attendance and participation. This membership has limited access to member publications. This member may not assume leadership roles. This membership does not have voting privileges.

(3) Verification of attendance

Students may be able to get “credit” in their academic program for attending Council events. The Council cannot “grant” academic “credit”. The Council staff will, upon request of the student, validate the student’s attendance based upon attendance logs or by review of a summary report, prepared by the student, of their activities which is also made available to other students.

2. *Change of Membership Classification*

Membership classifications for individuals may be changed upon changes in employment or job function by submitting a request to the Council to update their membership record or the member may update their profile via the website.

3. *Membership Classification Appeal*

Members may appeal membership classification assignments or classification changes declared by the Executive Committee or the Standardization Co-Chairs, or designees thereof, by written

request to the Council. Such an appeal request shall be placed on the agenda for consideration at the next regular meeting of the committee reviewing membership appeals.

IV. MEMBERSHIP VOTING

A. Member Voting

Each member, excluding student members, shall be entitled to one vote on any issue or question presented to the membership via ballot or at any valid meeting of the membership.

1. Voting At Joint Technical Work Group Meetings

Each member, excluding student members shall have the right to vote at any of the Council's Joint Technical Work Group meetings.

a) Limitation of Voting at Joint Technical Work Group Meetings

Work Group voting procedures described in the NCPDP *Standing Operating Procedures* may permit the Work Group Co-Chairs to limit member voting to one vote per company during Work Group meetings in order to ensure balance of interest among member classifications during Work Group meeting proceedings.

2. Voting for Trustees

Voting for election of Trustees shall not be cumulative. Each member, excluding student members, is entitled to one vote for each Trusteeship subject to election, regardless of the classification of the member or of the classification of the Trusteeship, but in no event shall a member be permitted more than one vote for one Trusteeship.

3. Voting Proxy

Voting shall not be by proxy.

4. Roll Call

The Secretary or Treasurer or their designee insures a quorum exists prior to any vote at a meeting of the Council membership that requires quorum.

5. Majority

All matters shall be settled by simple majority of members in good standing who are present at a valid meeting.

6. Valid Meeting

To be considered a valid meeting, all annual, quarterly, special, or other Work Group meetings of the membership shall be preceded by a 30 day written notice to members in good standing.

7. Voting Industry Standards

The Council's standards documents or substantive modifications of any portion thereof, which are, or are intended to become industry standards, must be voted on via data maintenance ballot as specified in the NCPDP *Standing Operating Procedures*.

B. Balance of Interest

Assemblies which require voting and representation on Work Groups should always strive to be representative of the actual membership distribution between the various classifications. The

Board, Standardization Co-Chairs and individual Work Group Co-Chairs shall strive to meet this balance of interest requirement by seeking clarification of each classification segment's position during all Work Group deliberations and voting.

C. Management of Work Group Discussion

Voting on issues related to the Council's development of consensus driven industry standards should be reserved as the final step to confirm successful consensus building. Divisive votes and matters which are under consideration that come down to near simple majority or two-thirds majority victory should be indications of a near lack of consensus rather than consensus. The Standardization Co-Chairs and Work Group Co-Chairs shall use straw votes and other means of determining division among members during standards development efforts in order to locate areas of conflict and devise means of building true consensus before moving issues to final vote. Review of data maintenance modification requests among active Work Group members should be used to indicate the acceptability and probability of success of data maintenance ballots at the wider Council membership level.

D. Voting and Due Process

All Council industry standard development considerations and activities shall provide for due process consideration of objections from any member or other interested individual or group that can show they are materially affected by the Council's standard development activities. All objections heard during Work Group considerations must be documented in the record of proceedings. Every attempt should be made to consider methods to resolve objections and attempts to resolve each objection must be appropriately addressed by the Work Group in the documented record whether the objection is voiced as part of routine deliberations, voice votes or data maintenance ballots at the Work Group or wider Council membership level.

E. Appeals and Voting

Refer to NCPDP *Standing Operating Procedures*.

V. BOARD OF TRUSTEES

A. Composition

The Board shall consist of no less than nine but no more than 15 persons as elected by the membership who shall equally represent the membership classes. In circumstances where equal representation cannot be achieved, equality will be re-established as stated in section "[Vacancies](#)".

By a two-thirds vote, the Board may appoint up to but no more than three NCPDP members as ex officio members to the Board. Ex officio members may not vote on ex officio appointments. With exception of the President, ex officio members of the Board may not be officers of the Council. All other requirements (term limits, confidentiality and non-disclosure, etc.) are in effect for ex officio Board members.

B. Qualification

Trustees shall be members in good standing of the Council. If at any time more than one Trustee becomes an employee of the same corporation, firm, partnership, association or their affiliate(s), that organization or its Trustee(s) shall designate which sitting Trustee shall be its sole representative. The other member(s) shall submit a letter(s) of resignation to the President within one month of such occurrence or prior to the next scheduled Board of Trustee meeting,

whichever occurs first. The resignation from the Trustee will be effective upon receipt of the letter.

C. Powers

The Board

- Shall have the authority to exercise all corporate powers, and the business and affairs of the corporation shall be managed under the direction of the Board.
- Shall determine the Council's policies or changes therein within the limits of these *Bylaws* and actively execute the purposes of the Council.
- Shall have discretion in the disbursement of its funds.
- Shall establish the fees for membership dues and other products and services.
- Shall adopt rules and regulations for the Council's business.
- Shall have oversight of all committees of the Council.
- Shall appoint Standardization Co-Chairs and act on their requests related to confirmation of Work Group Co-Chair appointments, Work Group scope of work statements, and certification of industry standard ballot results.
- Shall have final authority on all industry standard development procedures, appeals, and the conduct of process documentation record retention.

D. Terms

Trustees shall serve a term of three elected years or until their successors are duly elected and certified. Trustees shall be elected in such manner that the terms of approximately one-third of the whole Board shall expire annually. Trustees shall be limited to serving two consecutive elected terms. After serving two consecutive elected terms and a Board appointment (not to exceed seven consecutive years), former Trustees may be re-elected after a minimum of one-year absence. Trustees shall, upon certification of election results by Chair of the Nominating Committee, enter into the performance of their duties at the first meeting of the new Board. The election results shall be included in the Nominating Committee report presented during the Annual Meeting of the Membership.

E. Vacancies

Any Trustee appointment to fill a vacancy must be approved by majority vote of the remaining members of the Board. Any Trustee so appointed shall hold office until the next election.

F. Removal

Any Trustee may be removed for cause by majority vote of the Board.

G. Conflict of Interest

Staff shall obtain a signed confidentiality and nondisclosure agreement from each Trustee. Trustees shall notify the Board of any situation that may be perceived as a conflict of interest. A conflict of interest may occur if the personal or professional interests of a Trustee may be perceived to be at odds with the best interests of the Council. Trustees who have an actual or potential conflict of interest should not participate in discussions and shall not vote on matters related to the conflict.

H. Professional Services

A Trustee who is associated with a firm competing for a contract with the Council shall disclose the affiliation and abstain from discussion and voting in the selection process. If a competitive bidding process results in the selection of that Trustee's firm, he or she shall disclose the affiliation and abstain from voting on future Board actions connected with that firm's contract with the Council.

VI. OFFICERS

The Officers of the Council shall be a President, a Secretary, a Treasurer, and such other Officers as deemed appropriate and as may be elected in accordance with the provisions of this document. One person may hold more than one office, but in no event, shall the same person hold the offices of President and Secretary, or President and Treasurer. The Board may elect from among the members of the Board, a Chair of the Board and a Vice Chair of the Board.

A. Officers of the Council

1. *The Chair and Vice Chair of the Board*

The Chair of the Board or in the absence thereof, the Vice Chair of the Board, shall preside at all meetings of the members and the Board, and shall perform such other duties as may be requested by the Board.

2. *The President*

The Board shall employ a salaried chief executive who shall have the title of President and whose terms and conditions of employment shall be specified by the Board.

3. *Authority and Responsibility of the President*

The President shall be the chief executive officer of the Council and shall have general supervision over the business and operation of the Council, subject to the policies and directions of the Board. The President, as Chief Executive Officer, shall manage and direct all activities of the Council subject to the policies and directives of the Board. The President shall employ and may terminate the employment of the staff as necessary to carry on the work of the Council and fix their compensation within the approved budget. The President shall define the duties of the staff, supervise their performance, establish their titles, and delegate those responsibilities of management as shall be in the best interest of the Council. The President shall serve as an ex officio member of the Board, and the Executive, Bylaws, Finance, Nominating and Standardization Committees.

a) *The President and Chair*

The President and Chair shall sign, execute, and acknowledge, in the name of the Council, deeds, mortgages, bonds, contracts or other instruments, authorized by the Board, except in cases where the signing and execution thereof shall be expressly delegated by the Board, or by these

Bylaws, to some other Officer or agent of the Council and, in general, shall perform all duties incident to the offices of President and Chair, and such other duties as may be assigned by the Board.

4. The Secretary

The Secretary or an Assistant Secretary shall attend all meetings of the Board. The Secretary or Assistant Secretary shall verify that Staff records the minutes and votes of the Board. The Secretary or an Assistant Secretary shall verify that Staff maintains an accurate list of all members entitled to vote on any matter coming before the Council; shall see that notices are given and records and reports properly kept and filed by the Council as required; shall verify that Staff are the custodian of the seal of the Council and see that it is affixed to all documents to be executed on behalf of the Council under its seal; and shall perform all duties incident to the office of Secretary, and such other duties as may be assigned by the Board or the President. The role of the Assistant Secretary may be performed by Staff. The Secretary shall provide oversight to the Assistant Secretary.

5. The Treasurer

The Treasurer or an Assistant Treasurer shall have or provide for the custody of the funds or other property of the Council and shall verify that Staff keep a record of accounts; shall verify that Staff collect and receive or provide for the collection and receipts of money earned by or in any manner due to or received by the Council, shall verify that Staff deposit all funds in their custody in such banks or other places of deposit as the Board may designate; shall whenever so required by the Board render an account showing all transactions as Treasurer, and the financial condition of the Council; and, in general, shall discharge such other duties as may be assigned by the Board or the President. The role of the Assistant Treasurer may be performed by Staff. The Treasurer shall provide oversight to the Assistant Treasurer.

B. Election and Term of Office

The Officers of the Council, with the exception of the President and those elected by delegated authority pursuant to these *Bylaws*, shall be elected annually by the Board and each such Officer, excluding the President, shall hold their office until the next annual organization meeting of Trustees and until a successor shall have been duly chosen and qualified, or until death, resignation or removal.

C. Resignations

Any Officer or agent may resign at any time by giving written notice to the President. If the written notice contains an effective date, the resignation shall be effective the date contained therein. If the written notice does not contain an effective date then the resignation is effective upon receipt of the letter. The acceptance of such resignation shall not be necessary to make it effective.

D. Removal

Any Officer or other agent of the Council may be removed either for or without cause by the Board or other authority which elected or appointed such Officer or other agent, whenever in the judgment of such authority the best interests of the Council will be served thereby.

E. Vacancies

A vacancy in any office because of death, resignation, removal, disqualification, or any other cause, shall be filled by the Board or by the Officers or committee to which the power to fill such office has been delegated pursuant to these *Bylaws*, and if the office is one for which these *Bylaws* prescribe a term, such office shall be filled for the unexpired portion of the term.

F. General Powers

All Officers of the Council as between themselves and the Council, shall, respectively, have such authority and perform such duties in the management of the property and affairs of the Council as may be determined by resolution of the Board, or in the absence thereof, a controlling provision(s) in a resolution of the Board, as may be provided in these *Bylaws*.

G. Directors' & Officers' Liability Insurance Policy

At the direction of the Board, any Officer or employee of the Council shall furnish, at the expense of the Council, a fidelity bond, in such a sum as the Board shall prescribe.

H. Subordinate Officers, Committees, and Agents

The Board may from time to time elect such other Officers and appoint such committees, employees or other agents as the business of the Council may require, including one or more Assistant Secretaries and one or more Assistant Treasurers, each of whom shall hold office for such period, have such authority, and perform such duties as are provided in these *Bylaws*, or as the Board may determine. The Board may delegate to the Executive Committee the power to elect subordinate Officers and to retain or appoint employees or other agents.

VII. INTERESTED TRUSTEES OR OFFICERS

A. Contracts or Transactions with Trustees or Officers

No contract or transaction between the Council and one or more of its Trustees or Officers, or between the Council and any other corporation, partnership, association, or other organization in which one or more of its Trustees or Officers are Trustees or Officers, or have a financial interest, shall be void or voidable solely for such reason, or solely because the Trustee or Officer is present at or participates in the meeting of the Board which authorized the contract or transaction, or solely because vote(s) count for such purpose, if:

- The material facts as to their interest and as to the contract or transaction, are disclosed or are known to the Board, and the Board in good faith authorizes the contract or transaction by a vote sufficient for such purpose without counting the vote of the interested Trustee(s); or
- The material facts as to their interest and as to the contract or transaction are disclosed or are known to members entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the members; or
- The contract or transaction is fair as to the Council as of the time it is authorized, approved or ratified, by the Board or the members.

B. Interested Trustee Voting at Board Meeting

Interested Trustees may be counted in determining the presence of a quorum at a meeting of the Board, which authorizes a contract or transaction as specified in this document.

VIII. COMMITTEES

A. General Committee Information

All committees shall establish procedures for appointment of ex officio members and absenteeism of committee members unless designated in this section. A committee may form one or more subcommittees to perform specific tasks as assigned by the committee.

B. Ex Officio Members

"Ex officio" is a Latin term meaning "by virtue of office or position." Ex officio members of boards and committees, therefore, are persons who are members by virtue of some other office or position that they hold. Ex officio members have the same voting rights as members in good standing, except where otherwise stated in this document.

The Board, at its discretion, may appoint ex officio members to any committee of the Council.

C. Standing Committees

The Board shall establish the following Standing Committees:

- Bylaws
- Executive
- Finance
- Nominating
- Standardization Committee.

Each committee shall take regular minutes of their meetings and shall make regular reports to the Board of Trustees. The number of members in each Standing Committee may be changed by a majority vote of the Board. The appointed Standing Committees Chairs and the Staff Liaisons will provide a committee roster to the Board.

1. *Bylaws Committee*

a) Composition

To the extent possible for equal membership and member company representation:

- Minimum of two (2) members from each class of membership.
- No more than three (3) members from each class of membership.
- No more than nine (9) members, not including the ex officio members.
- One (1) member must be a current MC Maintenance and Control Co-Chair.
- One (1) member must be a current Standardization Co-Chair.
- No more than 50% shall be a current member of the Board.
- Ex officio members: President and Board Chair (no voting privileges).
- No more than two representatives may be members of the same company.

b) Appointment of Chair and Committee

The Chair of the Bylaws Committee will be appointed by the Board Chair and approved by majority vote of the Board at their meeting prior to the Annual Meeting of the Membership. The Chair of the Bylaws Committee is responsible for pursuing diversity of company representation and appointing and maintaining the defined composition of the committee.

c) Responsibilities of the Bylaws Committee

The Bylaws Committee will review the *Bylaws* and *Standing Operating Procedures* as needed and make any appropriate and necessary changes to ensure the documents meet the operational needs of NCPDP and adhere to ANSI procedures. The committee may perform other duties in connection with the *Bylaws* and *Standing Operating Procedures* of the Council as the Board may determine, or as items come forward from the membership for consideration.

2. Executive Committee

a) Composition

The Executive Committee shall consist of the following:

- Chair of the Board shall chair the Executive Committee
- Not less than three (3) members, all shall be members of the Board
 - Chair
 - Vice Chair
 - Board Member(s), as appointed by the Chair of the Board
- Ex officio members:
 - Outgoing Chair
 - President (voting privileges only in situations where a tie breaking vote is required).

b) Appointment

The Chair of the Board nominates the Executive Committee slate. The Executive Committee shall be approved by a majority vote of the Board at their meeting prior to the Annual Meeting of the Membership.

c) Powers

The Executive Committee

- Shall have general charge of the business of the Council between meetings of the Board, except as otherwise required by law, and shall assume such other responsibilities as may be lawfully delegated by the Board.
- Shall have direct supervision of the Officers of the Council and their activities subject to the policies and directives of the Board.
- Shall report any actions taken to the Board, either in writing or at the next Board meeting.
- Shall have the authority to waive member suspensions in accordance with this document.
- Shall respond to all appeals of industry standard development actions based on non-compliance with procedures published in these *Bylaws* and the NCPDP *Standing Operating Procedures* and establish procedures for Board of Trustee review of such appeals.

d) Quorum

One half plus one of the members of the Executive Committee shall constitute a quorum for that Committee.

e) Vacancies

Any vacancy occurring on the Executive Committee shall be filled in the manner as provided in these *Bylaws*.

3. Finance Committee

a) Composition

To the extent possible for equal membership and member company representation:

- Not less than three (3) members.
- One (1) member must be a member of the Board of Trustees.
- Ex officio members: President, Board Chair, Board Vice-Chair, Board Treasurer (no voting privileges).

b) Appointment of Chair and Committee

The Chair of the Finance Committee will be appointed by the Board Chair and approved by majority vote of the Board at their meeting prior to the Annual Meeting of the Membership. The term for the Chair of the Finance Committee is two (2) years. The Chair of the Finance Committee is responsible for pursuing diversity of company representation and appointing and maintaining the defined composition of the committee.

c) Powers

The Finance Committee shall have the power to inspect the books and records of the Council at any time and render reports thereon to the Board and membership of the Council and shall have such other powers as the Board shall establish and provide in writing.

d) Responsibilities of the Finance Committee

The Finance Committee shall confer with the President on the annual budget of the Council and prepare recommendations for the Executive Committee and the Board. The committee may perform such other duties in connection with the finances of the Council as the Board may determine.

e) Annual Audit

The accounts of the Council shall be audited not less than annually by an independent Certified Public Accountant who shall be recommended by the President who shall provide a report to the Board. The Board may request an audit by another independent Certified Public Accountant at its discretion.

4. Nominating Committee

a) Composition

To the extent possible for equal membership and member company representation:

- Minimum of two (2) members from each class of membership.
- No more than three (3) members from each class of membership.
- No more than nine (9) members, not including the ex officio members.
- No more than 50% shall be a current member of the Board.
- Ex officio members: President (no voting privileges), Board Chair (voting privileges only in situations where a tie breaking vote is required).

- No more than two representatives may be members of the same company.

b) Appointment of Chair and Committee

The Chair of the Nominating Committee will be appointed by the Board Chair and approved by majority vote of the Board at their meeting prior to the Annual Meeting of the Membership. The term for the Chair of the Nominating Committee is two (2) years. Candidates for the Board are ineligible to serve on the committee. The Chair of the Nominating Committee is responsible for pursuing diversity of company representation, appointing and maintaining the defined composition of the committee.

c) Responsibilities of the Nominating Committee

The Nominating Committee shall meet and select from the proposed candidates, existing Trustees and any members identified by the Committee, two slates of candidates to be nominated in accordance with these *Bylaws* and administrative procedures of the committee. One slate of candidates shall be for the Board of Trustees; the other slate of candidates shall be for the Standardization Committee.

For Board candidates, the Nominating Committee is charged with selecting candidates in each of the appropriate classes, assuring a balance of membership representation within each class, and ensuring that no conflict of interest exists. It is the responsibility of the Board to verify and ensure that balance is achieved. Candidates must be members in good standing. Candidates who do not comply with the nomination process, including submission of materials in a timely manner and participation in any interviews may be disqualified.

For Standardization Committee candidates, the Nominating Committee is charged with selecting candidates in each of the appropriate classes, striving to assure a balance of membership representation within each class, and ensuring that no conflict of interest exists. It is the responsibility of the Board to verify that balance was attempted and/or attained. Candidates must be members in good standing. Candidates who do not comply with the nomination process, including submission of materials in a timely manner and participation in any interviews may be disqualified.

The Nominating Committee shall notify the Secretary, in writing, of the names of the elected members of the Board and the appointed members of the Standardization Committee, and the Secretary shall verify that Staff publishes an announcement before the Annual Meeting of the Membership. Notification and publication will occur according to the NCPDP *Standing Operating Procedures*.

5. Standardization Committee

a) Composition

At the time of appointment, to the extent possible for equal membership and member company representation:

- Minimum of three (3) members, maximum of six (6) members.
- At least one (1) member from each class of membership and no one class may represent greater than 50% of the membership.
- One (1) member must be an incumbent Standardization Co-Chair from the prior year.

- One (1) member shall be a current member of the Board, but no more than two-thirds of whom shall be Board members.
- Ex officio members: President (voting privileges only in situations where a tie breaking vote is required), Board Chair (no voting privileges).

b) Appointment

The Chair of the Standardization Committee will be appointed by the Board Chair and approved by majority vote of the Board. The remaining members of the Standardization Committee shall be approved by a majority vote of the Board at their first meeting of a calendar year. The Board may appoint interim Committee members to fill a vacancy.

If at any time more than one Standardization Committee member becomes an employee of the same corporation, firm, partnership, association or their affiliate(s), that organization or its authorized representative shall designate which sitting Committee member shall be its sole representative. The other member(s) shall submit a letter(s) of resignation to the President within one month of such occurrence or prior to the next scheduled Joint Technical Work Group meeting, whichever occurs first. The resignation from the member will be effective upon receipt of the letter.

If at any time there is no longer a Board member on the Standardization Committee, the Chair of the Board will confer with the Standardization Committee to determine whether

- the Chair of the Board shall appoint another Board member to the committee to serve as the Chair of the Standardization Committee, or
- the Standardization Chair shall report to the Board Chair on all committee activities.

c) Powers

Under the delegated authority of the Board the Standardization Committee

- Shall operate within procedures described in these NCPDP *Bylaws* and *Standing Operating Procedures* as the principal committee with the general charge of the Council's development and continuous maintenance of all Council standards documents which are, or are intended to become, industry standards and American National Standards.
- Shall have the authority to establish Work Groups, assign Work Group names, issue a Work Group letter-number designation, authorize and supervise election of Work Group Co-Chairs as required, define the scope of work for Work Group activities, and coordinate tracking the appointment and actions of Work Group Task Groups.
- Shall monitor compliance with and may propose adjustments to Work Group procedures specified in the NCPDP *Standing Operating Procedures* within the scope of these *Bylaws* to improve efficiency, retain due process, and enhance consensus development.
- Shall direct Staff to conduct ballots on proposed industry standards and the maintenance associated with existing standards.

- Shall act on appeals of Work Group actions according to the NCPDP *Standing Operating Procedures*.
- The Chair shall report all actions taken to the Board in writing, or at the next Board meeting.

d) Responsibilities

The Standardization Committee shall

- Regularly confer with the Staff Liaison on all Council and American National Standards Institute requirements for industry standard development, maintenance and documentation procedures to ensure continuous adherence to procedures and continuous procedure and standards product quality improvements occur.
- Provide the Board with a report which delineates all successes and failures in these procedural and product monitoring and quality improvement efforts.
- Regularly confer with the Staff Liaison on the status of all American National Standards Institute submissions of Council industry standard documents which are candidates for acceptance and acknowledgement as American National Standards or which are currently accepted as American National Standards to ensure accordance with then applicable American National Standards Institute requirements for the submission and continuous maintenance of American National Standards.
- Make recommendations to the Board related to required revisions, reaffirmations or withdrawal of American National Standards according to then applicable American National Standards Institute requirements, and generally report, to the Board, at least annually on the successes and failures noted in the Council's dealings with American National Standards Institute.
- Direct Staff Liaison to respond promptly to concerns of complaints/compliance matters from the industry.
- Direct Staff Liaison to respond promptly to all written inquires requesting interpretation of Council industry standard documents which are candidates for acceptance or currently accepted as American National Standards. The procedures for review of such Standardization Committee responses to inquiries requesting interpretation by the Executive Committee shall be established by this committee, and may be extended as required, to the Board, committee or a designated work group.

e) Absence Of Standardization Co-Chair

Any Standardization Co-Chair unable to attend a Work Group meeting shall, in a written communication addressed to the President and the other Standardization Co-Chairs at least 30

days in advance of a scheduled meeting, state the reason for the absence. It is recognized that there may be extenuating circumstances, but the Standardization Co-Chair should make every effort to notify the President and other Standardization Co-Chairs as soon as possible. The President shall forward the notification to the Executive Committee. The Executive Committee shall, at its reasonable discretion, consider each absence of a Standardization Co-Chair as a separate circumstance and may expressly waive such absence by affirmative vote of a majority of the committee after consideration of the stated reason for the absence. If a Standardization Co-Chair has two consecutive unexcused absences, they shall automatically vacate the Standardization Co-Chair position and the vacancy shall be filled as provided by these *Bylaws*.

D. Special Committees

The Board may, by majority vote, create special committees deemed desirable and may delegate such duties and powers to the Committee as the Board deems necessary and proper. The Chair and members of such committees shall be approved by the Board at the time the committee is formed. Additional members may be appointed by the Committee Chair.

IX. MEETINGS

The rules contained in the current edition of *Robert's Rules of Order* shall govern the conduct of meetings of the Council in all cases to which they are applicable and in which they are not inconsistent with these *Bylaws* and any special rules the Council may adopt.

A. Annual Meeting of the Membership

1. Time and Place

The annual meeting of the Council shall be held in each calendar year on a date and place designated by a majority vote of the Board.

2. Notice

The Secretary shall ensure that Staff provides written notice of the date and place of the Annual Meeting to the Membership not less than 30 days prior to the date of the meeting.

3. Quorum

Ten percent of the Council's members registered for the annual meeting shall constitute a quorum for a valid annual meeting to be convened. All actions taken by said members shall be implemented by the Board.

4. Chair Report

The Chair of the Board shall make a report to the membership at each Annual Meeting of the Membership.

5. Minutes

Complete minutes of meetings must be recorded and filed with the Council as soon as possible after the meeting, but not later than 15 business days after the meeting.

B. Joint Technical Work Group Meetings

The Council's joint Work Groups involved in the development and maintenance of industry standard documents shall meet at the call of the Standardization Co-Chairs at least annually and no more often than quarterly to officially consider and act on matters related to proposed or current industry standards. Work Group Co-Chairs may request interim meetings (between

official Joint Technical Work Group meetings) to conduct development or other deliberations related to the Council's standards. These interim meetings shall meet at the call of the Standardization Co-Chairs.

1. Quorum

Ten percent of the Council's members registered shall constitute a quorum for a valid Joint Technical Work Group to be convened.

For more information on the operations of Joint Technical Work Group Meetings, see the NCPDP *Standing Operating Procedures*.

C. Meetings of the Board

1. Annual Meeting

The Board shall convene a regular meeting immediately prior to the Annual Meeting of the Membership for the purpose of electing Officers and appointing members of the Executive Committee.

2. Frequency

The Board shall meet not less than twice in a calendar year.

3. Time and Place

The Board shall meet upon the call of the Chair of the Board or upon a call of a majority of the Trustees. The time and place will be designated by a majority vote of the Board.

4. Notice

The Secretary shall ensure that notice is given of the date and place of a meeting of the Board to the members of the Board not less than five business days before such date.

5. Waiving Notice

Notice requirements as provided in this document may be waived in writing by those entitled to receive notice.

6. Absence

Any member of the Board unable to attend a meeting shall, in a written communication addressed to the President, state the reason for the absence. The President shall forward the notification to the Chair. If a Trustee is absent from two consecutive regular or special meetings of the Board during a single administrative year, he/she shall automatically vacate the seat on the Board and the vacancy shall be filled as provided by these *Bylaws*. The Board shall, at its discretion, consider each absence of an elected Officer or Trustee as a separate circumstance and may expressly waive such absence by affirmative vote of a majority of the Board after consideration of the stated reason for the absence.

7. Representatives of Trustees

A Trustee may designate a representative to any meeting of the Board subject to the approval of a majority of those attending the meeting. Designation of a representative is not substitution of submitting notice of absence. The representative shall not be entitled to vote on any matter coming before the Board and shall not be counted for the purpose of quorum. Staff shall obtain a signed confidentiality and nondisclosure agreement from the representative.

8. Quorum

A quorum of the Board shall be a majority of the Trustees in office. If a quorum of Trustees fails to attend a meeting of the Board, those attending may recess the meeting until a quorum is attained and shall conduct the meeting when reconvened in accordance with the call of the meeting. Ex officio members are not counted in determining the number required for a quorum or in determining whether or not a quorum is present.

9. Minutes

Complete minutes of meetings must be recorded and filed with the Council as soon as possible after the meeting, but not later than 30 business days after the meeting.

10. Special Meeting of the Board

Special meetings of the Board may be called by the Chair of the Board or the President, with not less than five business days' notice to each Trustee. Notification may be in person, in writing or by telephone. Special meetings of the Board may be requested, in writing to the Chair of the Board or the President, by at least one-third of the members of the Board.

11. Voting

The Chair of the Board or the President may submit issues to the Board for a vote in writing, under such notice and procedures as the Chair shall determine. A quorum shall be counted by the number of responses duly received. Any action taken or resolution passed in response to a special meeting, specified in this document, shall be reported at the next regular meeting of the Board.

a) Proxy

Voting shall not be by proxy.

D. Meetings of the Executive Committee

1. Notice

The procedure and notice requirements to convene a meeting of the Executive Committee shall be as required for meetings of the Board except that a special meeting of the Executive Committee may be called on the written request of three or more Executive Committee members.

2. Special Meeting

A special meeting of the Executive Committee may be convened and held by telephone conference call, with 24 hours' notice to each Executive Committee member. Any action taken or resolution passed shall be reported at the next meeting of the Board.

E. Meetings of Standing Committees

1. Notice

The NCPDP Staff Liaison shall give notice of the date of the standing committee not less than two business days before such date whenever possible. It is recognized that there may be meetings called with less notice, but with agreement of a quorum of the committee members. Standing committees may meet in person or conference call.

2. Quorum

A majority of the Committee's acknowledged participants shall constitute a quorum for a valid Committee meeting to be convened. Ex officio members are not counted in determining the number required for a quorum or in determining whether or not a quorum is present.

3. Minutes

Complete minutes of meetings must be recorded and filed with the Council as soon as possible after the meeting, but not later than 15 business days after the meeting.

X. DUES AND FEES

A. Establishment

The Board shall fix the dues of members and the fees for meeting registration, standards documents, access to Work Group documentation, and other materials and services provided by the Council to its members and non-members.

B. Non-Payment

Membership in the Council may be terminated for non-payment of dues or fees required under such rules and regulations as the Board may adopt, as specified in this document.

XI. NOMINATIONS AND ELECTIONS

A. Procedures – Board

Any member in good standing may propose a nomination of a candidate for a position on the Board. Such nomination shall be in writing and be received by the Chair of the Nominating Committee or the President, or their designee at the Council. Nominations must be received by the date specified. The nomination period may be extended by approval of the Executive Committee.

The Nominating Committee shall not validate nominations for balloting that will cause more than one Trustee from a single corporation, firm, partnership, association or their affiliate(s) to be on the Board at the same time.

Based on the Nominating Committee's decision, a ballot notification will be sent to each member in good standing by the Council at least one month prior to the Annual Meeting of the Membership.

The ballot will include the names of the candidates and a brief review of their professional backgrounds. Each member can cast one vote per open position and no more than one vote for any balloted candidate in accordance with these *Bylaws* and administrative procedures of the Nominating Committee.

The ballot voting period shall end on the date specified on the ballot prior to the start of the Annual Meeting of the Membership. The ballot voting period may be extended by approval of the Executive Committee. Marked ballots must be recorded online no later than the time specified to be considered valid. No floor nominations will be permitted at the Annual Meeting of the Membership.

The candidate(s) receiving the highest number of votes for each open position shall be declared elected. The Chair of the Nominating Committee shall certify to the Board the results of the election. The Chair of the Nominating Committee shall notify all candidates of the results of the election and the results of the election shall be announced to the membership no later than the next Annual Meeting of the Membership.

B. Procedures – Standardization Committee

Any member in good standing may propose a nomination of a candidate for the Standardization Committee. Such nomination shall be in writing and be received by the Chair of the Nominating Committee or the Staff Liaison. Nominations must be received by the date specified. The nomination period may be extended by approval of the Nominating Committee.

The Nominating Committee shall not validate nominations for balloting that will cause more than one Standardization Committee member from a single corporation, firm, partnership, association or their affiliate(s) to be on the Committee at the same time.

Based on the Nominating Committee's decision, a ballot for the Board will be prepared by the Staff Liaison at least one month prior to the first Board meeting of the calendar year.

The ballot will include the names of the candidates and a summary of their activities within NCPDP. Each Board member can cast up to six (6) votes, no more than one vote for any candidate nominated, in accordance with these *Bylaws* and administrative procedures of the Nominating Committee.

The ballot voting shall occur at the Board's first meeting of the calendar year. No floor nominations or write in nominations will be permitted at the Board meeting.

The candidate(s) receiving the highest number of votes for each open position shall be declared elected. The Chair of the Nominating Committee shall certify to the Board the results of the election. The Chair of the Nominating Committee shall notify all candidates of the results of the election and the results of the election shall be announced to the membership no later than the next Annual Meeting of the Membership.

C. Procedures – Work Group Co-Chairs

Prior to each Annual Meeting of the Membership, the Standardization Committee shall seek nominations for Work Group Co-Chairs. Announcement of this call for nominations will occur no later than the Joint Technical Work Group Meeting one quarter prior to the Annual Meeting of the Membership and be provided in each Work Group session held at that time. Any member in good standing may submit their name, or nominate another member also in good standing, as a candidate for Co-Chair of one of the Council's Work Groups. Such nominations shall be submitted to the Standardization Committee Liaison and be conveyed to the Standardization Committee. Nominations must be received by the date specified. The nomination period may be extended by approval of the Standardization Committee.

Following the annual call for nominations, the Standardization Committee shall examine the nominations received and develop slates of candidates for each Work Group in order to elect no less than two and no more than three Co-Chairs for each Work Group. The Standardization Committee shall not qualify any nomination that will cause more than one Co-Chair from a

single corporation, firm, partnership, association or their affiliate(s) to be seated for a single Work Group at the same time. The Standardization Committee shall strive for balance of interest reflecting the membership categories.

A ballot notification will be sent to each member in good standing by the Council at least one month prior to the Annual Meeting of the Membership. The ballot will include the names of the candidates and a brief review of their professional backgrounds. The ballot voting period shall end on the date specified on the ballot prior to the start of the Annual Meeting of the Membership. The ballot voting period may be extended by approval of the Standardization Committee. Marked ballots must be recorded online no later than the time specified to be considered valid. No write in or floor nominations will be permitted.

Each member may cast no more than one vote for each balloted candidate and no more than three votes per Work Group according to administrative procedures of the Standardization Committee and as specified in the NCPDP *Standing Operating Procedures*. The candidates receiving the highest number of votes for each Work Group, no more than three per Work Group, shall be declared elected.

The Standardization Committee monitors the election process and the Standardization Chair or committee designee certifies the results of the election. The duly elected Work Group Co-Chairs shall serve at the pleasure of the Standardization Committee and the Board. The Standardization Committee shall notify all candidates of the results of the election. The results of the election shall be announced to the membership no later than the next Annual Meeting of the Membership.

Nominations may also be sought between the annual elections when mid-term vacancies occur, new Work Groups are formed or when a seat is vacant and conditions exist (e.g., an extended absence of a seated Work Group Co-Chair) that will likely result in fewer than two active Co-Chairs being available to conduct upcoming Joint Technical Work Group meetings. Nominees will be subject to the same qualifications as are used for the annual election. The Standardization Committee shall then appoint Work Group Co-Chairs from those nominations gathered.

If at any time more than one Work Group Co-Chair within the same Work Group becomes an employee of the same corporation, firm, partnership, association or their affiliate(s), that organization or its authorized representative shall designate which sitting Work Group Co-Chair shall be its sole representative. The other Work Group Co-Chair(s) shall submit a letter(s) of resignation to the Standardization Committee within one month of such occurrence or prior to the next scheduled Joint Technical Work Group meeting, whichever occurs first. The resignation from the Work Group Co-Chair will be effective upon receipt of the letter.

1. Absence of Work Group Co-Chair

Any Work Group Co-Chair unable to attend a Joint Technical Work Group Meeting shall at least 30 days in advance of a scheduled meeting, send a written communication addressed to the Standardization Co-Chairs and their Work Group Co-Chairs stating the reason for the absence. It is recognized that there may be extenuating circumstances, but the Work Group Co-Chair should make every effort to notify the Standardization Co-Chairs and their Work Group Co-Chairs as soon as possible. The Standardization Co-Chairs shall, at their discretion, consider each absence

of a Work Group Co-Chair as a separate circumstance and may expressly waive such absence by affirmative vote of a majority of the Standardization Co-Chairs after consideration of the stated reason for the absence. If a Work Group Co-Chair has two consecutive unexcused absences, they shall automatically vacate the Work Group Co-Chair position and the vacancy shall be filled as provided by these *Bylaws*.

XII. SALARIES, FEES, AND OTHER COMPENSATION

A. Salaries

1. *Salaries Of Officers*

The salaries, if any, of the Officers of the Council shall be fixed by a majority vote of the Executive Committee. No Officer shall be prevented from receiving a salary by reason that the Officer is also a Trustee of the Council.

2. *Salaries of Employees*

The salaries of employees of the Council shall be fixed by the President within the approved budget.

B. Fees or Other Compensation for Trustees

Each trustee shall be paid such reasonable fee as may be fixed by the Board for services incident to the performance of the duties as a Trustee and the expenses incurred thereby.

XIII. CHECKS, NOTES, NEGOTIABLE INSTRUMENTS

A. Required Signature

The checks and orders for the payment of monies, notes and negotiable instruments of the Council shall be signed by the President or other individuals as designated by the Executive Committee.

B. Limitations

The Board may set limits upon the amount of any checks and orders for the payment of monies, notes or negotiable instruments of the Council, or require multiple or additional signatures for such instruments, or authorize additional persons to sign for such instruments.

XIV. INDEMNIFICATION OF OFFICERS, DIRECTORS AND STAFF

The Council shall indemnify to the maximum extent permitted by applicable Arizona law, as amended from time to time, any Trustee, Officer, agent, employee or any former Trustee, Officer, agent or employee of the Council, who was or is a party or is threatened to be made a party to any contemplated, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Council) by reason of the fact that he or she is or was an authorized representative of the Council, against expenses (including, without limitation attorneys' fees, witness fees and court costs), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding, if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Council and, with respect to any criminal acts or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent will not in and

of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in, or not opposed to, the best interests of the Council, and with respect to any criminal proceeding, that he or she did not have reasonable cause to believe that his or her conduct was unlawful. The foregoing indemnification shall be in addition to and not exclusive of all other rights to which a Trustee, Officer, agent or employee may be entitled. Subject to the provisions of applicable law, the Council may also purchase and maintain insurance on behalf of its Trustees, Officers, employees and agents against any liability asserted against or incurred by them in their capacity as such Trustee, Officer, employee or agent or arising out of their status as such, whether or not the Council would have the power or duty to indemnify against such liability.

XV. AMENDMENT OF BYLAWS

These *Bylaws* may be amended or replaced, or new *Bylaws* may be adopted, either by vote of the members eligible at any duly organized annual or special meeting of members; or with respect to those matters which are not by statute reserved exclusively to the members, by vote of a majority of the Board at any regular or special meeting of Trustees. It shall be necessary to set forth such proposed amendment, repeal or new *Bylaws*, or a summary thereof, in the notice of such meeting, whether annual, regular, or special.

XVI. INTELLECTUAL PROPERTY

A. Copyright

NCPDP specifications, implementation guides, data dictionaries, documents, and work products, collectively known as Standards, are copyrighted by NCPDP under the provisions of the US Copyright Act.

1. Commitment

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