

## **RULES OF NORTHERN SAVINGS CREDIT UNION**

(as altered by special resolutions passed on April 9, 2014)

(Credit Union Incorporation Act, R.S.B.C. 1996, c.82, as amended)

### 1. INTERPRETATION

#### 1.1 In these rules, unless the context requires otherwise:

"Act" means the Credit Union Incorporation Act of British Columbia, R.S.B.C. 1996, c. 162, and includes its regulations;

"board" and "directors" mean directors of the Credit Union for the time being;

"board committee" means a committee of directors appointed by the board;

"chair" means the chair of the board;

"code of conduct" means the code of conduct as adopted by the board;

"conduct review committee" means the conduct review committee elected by the directors as required under the Financial Institutions Act;

"control" means, without limitation:

- (a) the right to exercise a majority of the votes which may be cast at a general meeting of a corporation; or
- (b) the right to elect or appoint, directly or indirectly, a majority of the directors of a corporation or other persons who have the right to manage or supervise the management of the affairs and business of the corporation;

"Credit Union" means Northern Savings Credit Union;

"director" means a director of the Credit Union;

"electronic" has the meaning set out in the Electronic Transactions Act;

"Electronic Transactions Act" means the Electronic Transactions Act, S.B.C. 2001, c. 10 and its regulations;

"Financial Institutions Act" means the Financial Institutions Act, R.S.B.C. 1996, c. 141 and its regulations;

"junior member" means a person under the age of majority who is admitted as a member of the Credit Union pursuant to section 18 of the Act;

"immediate family" of a person means that person's spouse, a child of that person who is less than 18 years of age, and any relative of that person who lives in the same household as that person and who is financially dependent on the person;

"individual" means a natural person;

"Interpretation Act" means the Interpretation Act, R.S.B.C. 1996, c. 238;

"Province" means the Province of British Columbia;

"registered address" means the address of a member as shown on the register of members maintained by the Credit Union pursuant to the Act;

"returning officer" means that person appointed by the directors as the returning officer pursuant to sub-rule 5.9(b);

"rule" or "sub-rule" means a rule or sub-rule contained in these rules;

"Statutes" means the Act and the Financial Institutions Act;

"subsidiary" means a corporation which is controlled by the Credit Union or which is controlled by a corporation which is controlled by the Credit Union;

"superintendent" means the Superintendent of Financial Institutions.

1.2 For the purposes of these rules, a corporation is controlled by the Credit Union if the Credit Union holds shares of that corporation or a corporation controlled by the Credit Union holds shares of that corporation and the votes carried by the shares held by the Credit Union or a corporation controlled by the Credit Union are sufficient, if exercised, to elect or appoint a majority of the directors of the corporation.

1.3 The definitions in the Act apply to these rules.

1.4 The Interpretation Act applies to the interpretation of these rules as if these rules were an enactment.

1.5 If there is a conflict between these rules and the Statutes, the Statutes will prevail.

1.6 The Electronic Transactions Act applies to these rules and their interpretation as if these rules were a law.

## 2. MEMBERSHIP

2.1 Every application for membership shall be in writing and be accompanied by payment in full of the number of Class A shares required to be held by a member on the date of the application for membership.

2.2 A member may withdraw from membership, and the membership of any person may be terminated, in accordance with the Act.

2.3 A member in good standing is a member, including a junior member, who at the date on which good standing is determined:

- (a) has purchased, paid for and holds the number of Class A shares required by these rules;
- (b) is not more than ninety (90) days delinquent in any obligation to the Credit Union;
- (c) has not withdrawn from membership in the Credit Union; and
- (d) is not a member whose membership in the Credit Union has been terminated.

## 3. DEPOSITS AND SHARES

- 3.1 Interest on deposits, in the absence of an express contract or agreement, shall be paid or credited at times, intervals and in the manner determined by the board.
- 3.2 A statutory declaration of a director or officer of the Credit Union that a lien of the Credit Union has been exercised or a share forfeited and stating the date of the exercise or forfeiture shall be conclusive evidence of the facts therein stated.
- 3.3 The board may determine the forms by which a person may withdraw monies on deposit or request redemption of shares.
- 3.4 The capital of the Credit Union shall be divided into three classes of shares designated as Class A shares, Class B shares and Class C shares.
- 3.5 Each share of the Credit Union shall have a par value of one dollar (\$1.00).
- 3.6 The Class A and Class B shares are equity shares. The Class A shares, and only the Class A shares, are membership shares.
- 3.7 The Class C shares are non-equity shares.
- 3.8 Monies invested in Class A shares and Class B shares and dividends thereon shall not be guaranteed by the Credit Union Deposit Insurance Corporation of British Columbia.
- 3.9 No shares of the Credit Union shall be transferred or assigned without the previous consent of the board expressed by a resolution of the board and the board shall not be required to give any reason for refusing to consent to any such proposed transfer or assignment.
- 3.10 Consent by the board to the transfer or assignment of shares of the Credit Union may be given by the board generally either for an indefinite or a specified period or periods of time and the board may exercise this power with respect to any one or more class of shares or class or type of members and upon such terms and conditions as it, in its absolute discretion, may determine.
- 3.11 A person who becomes a member of the Credit Union shall, on the date that person is admitted into membership, subscribe for and purchase the number of Class A shares required to be owned by a member:
- (a) for a member who is not a junior member, twenty-five (25) shares; and,
  - (b) for a member who is a junior member, five (5) shares.
- 3.12 Class A shares cannot be held jointly. For holders of deposit accounts named on a joint basis, each named person on the joint deposit account must hold the required number of Class A shares to be a member.
- 3.13 Equity shares, other than Class A shares, may be held jointly and:
- (a) if two or more persons maintain a joint account at the Credit Union, only for the purpose of determining the number of Class A shares which must be purchased and paid for by those persons, the account shall be deemed to be maintained by one person only;
  - (b) if a junior member maintains a joint account with a person who is not a junior member, only for the purpose of determining the number of Class A shares which must be purchased and paid for, that account shall be deemed to be maintained by a member; and,

- (c) equity shares which are membership shares may not be issued to, beneficially owned by or assignable to any person who is not a member of the Credit Union.

3.14 Subject to sub-rule 3.15, all jointly held equity shares shall carry the right of survivorship unless a contrary statement, in writing, is given at the time of subscription and signed by all parties jointly holding the shares.

3.15 Membership shares shall not be beneficially owned by and are not assignable to a person who is not a member of the Credit Union and the Credit Union shall not issue membership shares to or enter in its register of members and auxiliary members a transfer of membership shares to any person who either:

- (a) is not a member of the Credit Union, or;
- (b) will not become a member on the issue or transfer of the membership shares.

3.16 A member who borrows from the Credit Union may be required to subscribe for and purchase such additional Class A or Class B shares as the board may, from time to time by resolution, determine.

3.17 In addition to its powers pursuant to sub-rule 3.16, but subject to sub-rule 3.18, the board may, by resolution, determine that the number of Class A shares required to be owned by a member shall be increased.

3.18 The powers of the board pursuant to sub-rule 3.17, but not sub-rule 3.16, are subject to the following restrictions:

- (a) the board may not determine that the total number of Class A shares required to be owned by a member or junior member shall exceed one hundred (100) Class A shares;
- (b) on any one occasion, the board may not determine to increase the number of Class A shares required to be owned pursuant to this rule by more than twenty-five (25) Class A shares;
- (c) a determination by the board pursuant to sub-rule 3.17 may be made no more frequently than once in each fiscal year of the Credit Union;
- (d) a determination by the board pursuant to sub-rule 3.17 shall not be made to have effect within six (6) months of the last such determination; and,
- (e) a determination by the board pursuant to sub-rule 3.17 shall not take effect until thirty (30) days' notice of the determination has been given to the members.

3.19 A junior member shall, within one year of attaining the age of majority, purchase and pay for the number of Class A shares then required to be owned by a member.

3.20 If, on the expiration of the period of notice described in sub-rule 3.18(e), a member is not the owner of the required number of Class A shares, the Credit Union may apply any money on deposit by that member and interest thereon, or invested in Class B shares or Class C shares and dividends credited thereon in the name of the member to the purchase of sufficient Class A shares in the name of the member or junior member so that the member or junior member shall own the number of Class A shares required by a determination of the directors made pursuant to sub-rule 3.17.

3.21 Equity shares shall be recorded in the member's name and itemized according to class and a statement of each member's shareholdings shall be prepared at least annually.

3.22 The board may issue share certificates for Class A or Class B shares which shall be prominently marked on their face with the words "NOT GUARANTEED BY THE CREDIT UNION DEPOSIT INSURANCE CORPORATION".

3.23 The board may, from time to time, declare and authorize payment of dividends on any class of shares of the Credit Union.

3.24 The board may declare a dividend to be paid on one class of shares of the Credit Union in preference to another class or classes of shares and may declare the rate of dividend to be paid on one class of shares to be different from that paid on another class or classes of shares.

3.25 The board may, by resolution, declare that all or any part of a dividend payable on a class or classes of shares or the payment of an allocation pursuant to section 69 of the Act be paid by the allotment of Class A or Class B shares or both.

3.26 Subject to the Act and sub-rule 3.33, the Credit Union may, by a resolution of the board, redeem any of its shares.

3.27 If the Credit Union proposes, at its option, to redeem some but not all of the shares of any class, the board may, subject to the Act and these rules, decide the manner in which these shares shall be selected.

3.28 The price payable for any share redeemed by the Credit Union shall be the sum of \$1.00 per share plus the amount of any dividends which have been declared but remain unpaid on such share on the date fixed for redemption.

3.29 Subject to the Act and sub-rule 3.33, at the full and timely retirement of all indebtedness by a member or junior member who was required by the board pursuant to sub-rule 3.16 to subscribe for and purchase any additional shares which are held at the time of the retirement of such indebtedness in excess of the minimum holdings otherwise required by these rules, the Credit Union shall, upon the member's request in writing, redeem all shares which the member has requested be redeemed except those the member is otherwise required to hold by these rules.

3.30 Subject to the Act and upon the written request of the member or their legal representative, the Credit Union shall redeem equity shares held by a member upon the happening of any of the following events:

- (a) subject to sub-rule 3.31, the member, in the case of an individual, dies;
- (b) the member, in the case of a corporation, is wound up in accordance with the applicable legislation;
- (c) the member, in the case of a partnership, dissolves;
- (d) the member, in any other case, ceases to be a legal entity according to the legislation that created it; and,
- (e) the member's membership is terminated.

3.31 If a member holds equity shares jointly with right of survivorship, the Credit Union shall not be required to redeem the equity shares until the death of the last remaining joint holder.

3.32 The Credit Union may require proof satisfactory to the board of the happening of an event described in sub-rule 3.30, before redeeming equity shares.

3.33 Subject to sub-rule 3.34 and the Act, the maximum number of Class A or Class B shares the Credit Union may redeem in each fiscal year is the amount of shares of such class equal to ten percent (10%) of the aggregate amount of that class of shares issued and outstanding at the close of business at the end of its previous fiscal year.

3.34 The limit set out in sub-rule 3.33 on the number of Class A and Class B shares the Credit Union may redeem shall not apply to any Class A or Class B shares the Credit Union is required to redeem pursuant to the provisions of sub-rule 3.30, provided that upon the maximum number of shares of either Class A or Class B shares being redeemed in any fiscal year, the Credit Union shall not redeem any more shares of that class during that fiscal year except pursuant to sub-rule 3.30.

#### 4. BORROWING AND LENDING

4.1 Subject to the Statutes, the board may raise and borrow money for the purposes of the Credit Union upon such terms and conditions as to interest, terms of repayment, and security as it determines by resolution.

4.2 Subject to the Statutes, the board shall determine the terms and conditions of loans as to interest and other charges, terms of repayment, security, and may, by resolution, delegate the power to make loans and to make such determination.

#### 5. QUALIFICATIONS AND ELECTION OF DIRECTORS

5.1 The number of the directors of the Credit Union shall be ten (10) directors.

5.2 Additional directors - Notwithstanding any other provisions of these rules, if the Credit Union enters into an agreement with another credit union to acquire all or substantially all of the assets of the other credit union, the board may by resolution appoint additional directors (each an "additional director") in accordance with the following:

- (a) each additional director appointed under this sub-rule shall be a person who, immediately prior to the transfer of the assets of the other credit union, was a member of that other credit union and has been designated by the board of directors of the other credit union to be appointed as an additional director;
- (b) each additional director appointed under this sub-rule shall, before being appointed, deliver to the board a declaration, in writing, stating that the person is:
  - (i) qualified and willing to be appointed, and if appointed, to serve as a director; and
  - (ii) willing to meet the requirements under sub-rules 5.21(b), (c) and (d);
- (c) the term of office of each additional director appointed under this sub-rule shall be fixed by the board at the time of appointment of the additional director, but shall not continue beyond the close of the third annual general meeting of the Credit Union following the additional director's appointment; and,
- (d) where the term of an additional director has expired or where such position becomes vacant for any reason prior to the expiration of the term, no vacancy shall be deemed to exist and, for greater certainty, no person shall be appointed or elected pursuant to sub-rule 5.59 to fill any unexpired portion of the term of an additional director and sub-rule 5.4 shall not apply to any additional director, except that an additional director whose term has expired shall be eligible for election for any other vacancy for which an election is to be held.

5.3 For the purpose of the election of directors, the Province shall be divided into four (4) districts (in this rule each called a "district"), namely:

- (a) District No. 6, being all that portion of Haida Gwaii in the Province lying north of the northerly boundary of District Lots 1350, 1351, 1749, 2381, 2382, 2383, 2384 and 2385 and Townships 13, 14,

15, 17 and 18 and a line drawn from the north-west corner of Township 18 due west to the latitude of the western most point of Haida Gwaii from which there shall be elected one (1) director;

- (b) District No. 2, being all that portion of Haida Gwaii in the Province lying south of the northerly boundary of District Lots 1350, 1351, 1749, 2381, 2382, 2383, 2384 and 2385 and Townships 13, 14, 15, 17 and 18 and a line drawn from the north-west corner of Township 18 due west to the latitude of the western most point of Haida Gwaii from which there shall be elected one (1) director;
- (c) District No. 1, being all that part of the Province not included District No. 7, District No. 6 or District No. 2 from which there shall be elected five (5) directors; and,
- (d) District No. 7, being all that portion of the Province which is contained within the boundaries of the electoral districts of Bulkley Valley-Stikine and Skeena as described in Schedule 2 to the Electoral Districts Act, S.B.C. 1990, c. 39 in effect on February 1, 1997 from which there shall be elected three (3) directors. The boundaries of District No. 7 established by this sub-rule will not be affected by any amendment made to, or the repeal of, the Electoral Districts Act which occurs after February 1, 1997.

5.4 Each year, directors shall be elected to replace those whose terms expire or to fill director vacancies in the board. A director whose term expires is eligible for re-election.

5.5 Except where an election is held to fill the unexpired portion of a term, directors shall be elected to hold office for a term of three (3) years and the office of every director shall expire at the close of the annual general meeting held in the year in which their term expires.

5.6 A person elected as a director shall take office at the close of the first annual general meeting which is held after their election.

5.7 Where any offices of directors from any district being filled at any election are for different lengths of terms, the term of each person shall be determined by the number of votes he receives, the person receiving the greatest number of votes to hold office for the longest term, provided that if there are two (2) or more persons having an equal number of votes, or if there is an election by acclamation, the length of the term of such directors shall be determined by the returning officer by lot in a manner consistent with the procedure described in sub-rule 5.47.

5.8 Not later than October 31 of the year prior to each annual general meeting the directors shall, if the term of any director will expire at the close of business at that annual general meeting or if any office of a director is vacant, set the dates on which the members of the Credit Union shall be entitled to vote for the election of directors to replace the director or directors whose term will expire or whose office is vacant.

5.9 In any year in which all of the directors from a district have previously been elected to a term which does not expire at the close of the annual general meeting to be held that year and such directors continue to hold their office, no election for directors from that district shall be held in that year.

5.10 No later than October 31 of the year prior to each annual general meeting, the board shall:

- (a) appoint a nominating committee consisting of not less than three (3) members, who shall be natural persons who are not junior members, and who may, but need not, be directors; provided however, that no director whose term of office is expiring at the close of the next annual general meeting may serve as a member of the committee; and,
- (b) appoint a returning officer for the election of directors.

5.11 The returning officer appointed under sub-rule 5.10(b) may, but need not, be a member of the Credit Union, and may be an employee of the Credit Union.

5.12 The returning officer may engage such other resource persons as the nominating committee and returning officer agree are required to conduct the election in a proper manner.

5.13 No later than January 31 of each year, the nominating committee shall:

- (a) notify all members who are not junior members whose registered address is within a district for which an election of directors will be held that an election of directors for that district is to take place, specifying the number of positions which are to be filled;
- (b) advise all members who are not junior members and whose registered address is within a district for which an election of directors will be held that, for purposes of being eligible to vote in the election, a person must be a member, other than a junior member, in good standing ninety (90) days prior to the date on which voting is to commence; and,
- (c) invite members who are not junior members and whose registered address is within a district for which an election will be held to submit to it, in writing, for consideration, the names of proposed candidates for election as directors for that district, prior to the date on which nominations shall close, which shall be specified in the notice, and which date shall be not less than thirty (30) days from the date of the notice.

5.14 Voting in an election of a director may be conducted by a written vote or by electronic means permitted by the Act if the board so determines and the manner of voting in an election of directors shall be determined by the board and shall be either by the method described in (a) or by the method described in (b), or a combination thereof:

- (a) by voting in person by ballot at a branch office of the Credit Union; or,
- (b) by voting by mail ballot or by electronic means if the board has determined voting may be conducted by electronic means.

5.15 No member may submit the name of a proposed candidate for election as a director for a district pursuant to sub-rule 5.13(c) unless that member is in good standing, is of the age of majority and has a registered address within that district.

5.16 No member, unless he is a member of the nominating committee, may submit more than one (1) name of a proposed candidate for nomination as a candidate for director.

5.17 One (1) or more qualified members whose names have not been submitted to the nominating committee for consideration as a candidate may be nominated by the nominating committee as a candidate for election for a district.

5.18 To qualify to be nominated as a candidate for election as a director, a person must:

- (a) be 19 years of age or older;
- (b) be a member in good standing of the Credit Union and have been a member in good standing for at least ninety (90) days before the commencement of voting;
- (c) at the time of their nomination, have a registered address which is within the district for which they are nominated as a candidate to be elected a director;

- (d) either have been nominated by the nominating committee pursuant to sub-rule 5.17 or have had their name submitted to a nominating committee pursuant to sub-rule 5.13(c) by at least three (3) members who were qualified to do so;
- (e) have complied with the requirements of sub-rule 5.21; and,
- (f) have attended at least one of the information sessions held for candidates unless this requirement is waived by the nominating committee.

5.19 No person is qualified to become or act as a director of the Credit Union who is:

- (a) except as permitted by sub-rule 5.20, an employee, director or officer of, or a partner in, or who controls:
  - (i) a bank, trust company, loan company, savings and loan association, deposit taking institution, lending institution, mortgage broker, insurance company, insurance agency;
  - (ii) any corporation, firm or other organization which carries on any business which competes with any business carried on by the Credit Union or any subsidiary of the Credit Union;
  - (iii) any corporation, firm or other organization which is a partner in, or a member or a shareholder of, any partnership, joint venture or corporation (except a public corporation) of which the Credit Union or any subsidiary of the Credit Union is also a partner, member or shareholder of, or any subsidiary of the Credit Union;
  - (iv) another credit union or a subsidiary of another credit union;
- (b) a person who is, or was at any time during the three year period immediately before their nomination, or proposed nomination, as a director of the Credit Union, an employee of the Credit Union or any of its subsidiaries;
- (c) a person who has been appointed to the nominating committee pursuant to sub-rule 5.10;
- (d) a person who is a member of the immediate family of any person referred to in sub-rule 5.19 (a), (b) or (c);
- (e) or was at any time during the immediately preceding year a director or an officer of a corporation, or a person who controls or controlled a corporation, which has received from the Credit Union or any of its subsidiaries payments for services of more than twenty thousand dollars (\$20,000) during the immediately preceding year;
- (f) not a resident, or ceases to be a resident, of the district for which they were nominated or elected;
- (g) a person disqualified from becoming or acting as a director pursuant to either of the Statutes; or,
- (h) a person who is a member of the immediate family of a person who is a candidate for election as a director of the Credit Union or is an incumbent director who would be on the board at the same time as that person if that person was elected; or,
- (i) a director who, if re-elected, would begin serving their sixth consecutive term as a director at the close of business of the next annual general meeting.

5.20 A person is not disqualified to become or act as a director of the Credit Union pursuant to sub-rule 5.19(a) if they are a director of a central credit union.

5.21 Before the name of a person is placed in nomination as a candidate for election as a director, that person shall deliver to the nominating committee a declaration, in writing, stating that the member is willing:

- (a) to stand for election, and if elected, to serve as a director;
- (b) to observe the provisions of the Acts, as applicable;
- (c) to comply with the directors' conflict of interest guidelines and the directors' code of conduct adopted by the board, from time to time; and,
- (d) to comply with the rules of the Credit Union and procedures relating to such election and the conduct thereof.

5.22 The nominating committee shall examine the qualifications of each person whose name has been submitted to it pursuant to sub-rule 5.13(c) and determine whether the candidacy of the person so named complies with the Statutes and these rules, and shall accept the candidacy of a member qualified to be a candidate whose candidacy is in order and reject each candidacy which is not in order or does not comply, and notify each person whose name was submitted accordingly and, forthwith after the date on which nominations close:

- (a) shall place in nomination the names of qualified candidates whose names have been submitted in writing for consideration by at least three (3) members qualified to do so;
- (b) may place in nomination pursuant to sub-rule 5.17 the names of other qualified candidates;
- (c) shall inform each candidate of the provisions of these rules with respect to the conduct of the election and provide to each candidate a copy of the rules of the Credit Union and any determinations of the board relating to elections and the conduct thereof;
- (d) shall request that each candidate meet with the nominating committee for the purpose of an interview, within ten (10) days of the close of nominations; and,
- (e) shall request that each candidate complete the personal information return required to be submitted to the Superintendent pursuant to the Financial Institutions Act.

5.23 In a district, if the number of qualified persons nominated for the offices for which the election is to be held is less than or equal to the number of offices to be filled, the persons so nominated shall be declared by the returning officer to be elected as directors for that district.

5.24 The board may, from time to time, determine the method and manner in which candidates shall be permitted to campaign for election and candidates shall campaign in accordance with the method and manner as determined by the board.

5.25 No candidate shall interfere with the election process or seek assistance in connection with the election from any employee of the Credit Union.

5.26 Only a member in good standing who was a member in good standing ninety (90) days before voting begins and who is not a junior member is eligible to cast a ballot in an election of a director or directors.

5.27 A member of the Credit Union who is not an individual may be represented and vote in an election of directors by any individual who is 19 years of age or older and by written authorization deposited with the Credit Union, is authorized to vote on behalf of that member.

5.28 If an individual who has been authorized to represent and vote for a member of the Credit Union who is not an individual in any election of directors is a member of the Credit Union that member may vote both as an individual member and as the authorized representative of the member who is not an individual.

5.29 The returning officer shall, at least sixty (60) days before the commencement of the voting period, prepare an alphabetical voter list of members who are entitled to vote, indicating the district in which each is entitled to vote.

5.30 A member may only vote for the candidates nominated in the district in which that member has his registered address.

5.31 A member may examine the voter list at the Credit Union's head office during normal office hours of the Credit Union.

5.32 A member who has reason to believe that a voter list improperly includes or omits a name, or contains an error respecting the district in which a member is entitled to vote may, before the election, report the error to the returning officer.

5.33 The returning officer shall promptly investigate a report made under sub-rule 5.32, and shall correct any error which exists.

5.34 A member who is not satisfied with the action taken by the returning officer under sub-rule 5.33 may apply in writing to the nominating committee for a review.

5.35 The nominating committee shall promptly review an application made under sub-rule 5.34, and may:

- (a) confirm the decision made by the returning officer, or,
- (b) order that the voter list be corrected as the committee directs.

5.36 Only those members whose names appear on the voter list prepared under sub-rule 5.29 or corrected under sub-rule 5.33 or sub-rule 5.35 are entitled to vote in an election for directors.

5.37 Not later than twenty (20) days before the commencement of voting, the returning officer shall make available to the members:

- (a) a list, for each district for which an election of directors is to be held, of the names of the candidates, in alphabetical order, for the election for directors for that district; and,
- (b) instructions respecting the procedure for voting, including instructions regarding the marking of the ballot paper; and,
- (c) a notice stating the days voting may take place and may post biographical information respecting the candidates or photographs of them, or both.

5.38 If the voting in any election of directors includes voting in person at branches of the Credit Union then, at least 48 hours before the commencement of voting at the branches, the returning officer shall deliver to each branch of the Credit Union a copy of the voter list and materials required to conduct a confidential voting process at the branch.

5.39 The returning officer shall develop and implement voting and election procedures and practices which result in voting being confidential, elections being fair and all of the provisions of these rules and the Statutes relating to voting and elections being complied with.

5.40 Before allowing a member to vote in an election for directors the Credit Union may require proof of the identity of the member.

5.41 No member may vote in an election for directors by proxy.

5.42 A member may vote for any number of candidates up to the number to be elected for the district for which they are entitled to vote.

5.43 A ballot paper which:

- (a) contains, or is enclosed in a ballot envelope which contains, a marking which could identify the voter,
- (b) contains votes for more candidates than the number to be elected in that district, or
- (c) is dissimilar to those issued by the returning officer,

shall be rejected but a ballot which does not contain votes for the full number of directors required to be elected is valid and shall not be rejected for that reason.

5.44 A vote:

- (a) for a person other than a candidate whose name appears on the ballot paper as printed by the Credit Union; or,
- (b) which is ambiguous or unclear as to the candidate voted for,

is void.

5.45 The returning officer or a person appointed by the returning officer shall count or supervise the counting of votes.

5.46 The returning officer shall declare elected the candidate or candidates who receive the greatest number of votes, up to the number of directors to be elected in each district.

5.47 Where not all candidates who are to be elected in a district can be determined because of an equality of votes, the returning officer shall:

- (a) write the name of each candidate whose election cannot be determined on identical cards;
- (b) place the cards in a receptacle so that none of the names can be read or otherwise distinguished;
- (c) draw by chance the number of cards necessary to make up the required number of directors from that district; and,
- (d) declare elected the candidate or candidates named on the card or cards drawn.

5.48 A candidate may attend personally or by agent during proceedings under sub-rule 5.45 and sub-rule 5.47.

5.49 The returning officer shall ensure that a permanent record is kept of the number of votes received by each candidate, and the candidates who are declared elected.

5.50 A candidate who is not elected under these rules and who alleges that he should have been elected in place of a candidate who was elected may, not more than 72 hours following announcement of election results, apply in writing to the nominating committee for a review of the election for that district for which they were a candidate.

5.51 The nominating committee shall promptly review the election in any district for which it has received an application for review pursuant to sub-rule 5.50, and shall:

- (a) confirm the declaration made by the returning officer;
- (b) declare that the applicant or another candidate is elected in place of the candidate declared by the returning officer to be elected under sub-rule 5.46 or 5.47; or,
- (c) order that a new election be held in that district, and give directions for it which may be by any method permitted by section 73 of the Act.

5.52 The decision of the nominating committee under sub-rule 5.51 is final.

5.53 The voting papers and other documents of an election shall be retained by the returning officer for at least thirty (30) days after the close of the first annual general meeting which is held after the counting of votes or, if a review is taken under sub-rule 5.51, then until that review has been completed, whichever is later.

5.54 The results of the election will be communicated by the nominating committee to each candidate at least seventy-two (72) hours before the commencement of the first annual general meeting which is held after the counting of votes and each candidate will be informed of the number of votes received for each candidate.

5.55 The results of the election will be announced at the first annual general meeting which is held after the counting of votes and may be disclosed prior to that annual general meeting by the Credit Union after approval by the nominating committee of the election results.

5.56 A listing of the candidates in the order of the number of votes received from highest to lowest shall be posted in each branch of the Credit Union as soon as the results of the voting have been announced and shall remain posted for three (3) clear business days.

5.57 Every director shall, forthwith after their election as a director of the Credit Union, file with the conduct review committee a statement of disclosure in the form established by the conduct review committee disclosing any conflicts of interest which they may have.

5.58 Subject to the Credit Union having the minimum number of directors required by the Financial Institutions Act, if the number of directors of the Credit Union is reduced below the number of directors stipulated in sub-rule 5.1 by death, resignation, disqualification or removal from office or by failure to elect or appoint a director pursuant to these rules, the remaining directors, save as provided by any other provision in these rules, shall have all of the power of the board until the vacancy or vacancies caused thereby have been filled by appointment or election.

5.59 Where a casual vacancy occurs among the directors or, for any reason, the office of director is not filled in an election, the board may appoint a qualified person to fill the vacancy. Any person so appointed shall hold office until the close of the next annual general meeting.

## 6. DUTIES, POWERS AND PROCEEDINGS OF THE DIRECTORS

- 6.1 The board shall meet within fifteen (15) days after each annual general meeting and shall elect from their own numbers a chair and vice-chair and may, subject to sub-rule 6.8, appoint such additional officers as they consider necessary.
- 6.2 The board shall meet at least four (4) times in each year and not less frequently than once in each quarter.
- 6.3 The chair may call a meeting of the board at any time and shall, within fourteen (14) days of receipt of a written request of three (3) directors, call a meeting of the board.
- 6.4 Reasonable notice of a meeting of the board specifying the place, day and hour of such meeting shall be given by mail, postage prepaid, addressed to each of the directors at their address as it appears on the books of the Credit Union or by leaving it at their usual business or residential address or by telephone, telecopier, email or any method of transmitting legibly recorded messages. It shall not be necessary to give notice of a meeting of the board to any director if such meeting is the meeting of the board at which such director is appointed.
- 6.5 Accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any director shall not invalidate the proceedings at that meeting.
- 6.6 A director may waive, in writing, notice of any past, present or future meetings of the board.
- 6.7 A majority of the number of directors stipulated in sub-rule 5.1 shall constitute a quorum but a lesser number may adjourn from time to time until a quorum is obtained.
- 6.8 A director who is interested, directly or indirectly, in a proposed contract or transaction with the Credit Union may be counted for the purposes of the quorum required by sub-rule 6.7.
- 6.9 Where the number of directors is reduced below the number fixed by, or pursuant to, sub-rule 6.7 as the quorum for directors, the continuing directors may act for the purpose of filling the vacancies up to that number, or of summoning a general meeting of the Credit Union, but for no other purpose.
- 6.10 The board shall appoint the president and secretary of the Credit Union, and may appoint or authorize the appointment of such employees as may be required for the proper operation of the Credit Union.
- 6.11 In the absence of the chair or their inability for any cause to act or in case the office of the chair becomes vacant, the vice-chair shall discharge the duties of the chair.
- 6.12 Subject to the Statutes, the board may adopt rules of order governing their conduct but, where no rules are adopted, the most recent edition of "Robert's Rules of Order Newly Revised" shall be used.
- 6.13 A director may participate in a meeting of the board or any board committee by means of conference telephones or other communications facilities by means of which all directors participating in the meeting can hear each other. A director participating in accordance with this sub-rule shall be deemed to be present at the meeting and to have so agreed and shall be counted in a quorum therefore and be entitled to speak and vote thereat.
- 6.14 A resolution, whether or not in counterpart, consented to in writing by all directors or all members of a board committee and filed with minutes of the board or the board committee shall be as valid and effectual as if it had been passed at a meeting of the board or of the board committee, duly called and constituted.
- 6.15 Subject to the Statutes, the directors may delegate any of their powers to board committees, consisting of such persons as the directors think fit and may, from time to time, revoke such delegation.

6.16 Any board committee to which any power of the board has been delegated pursuant to sub-rule 6.15 shall, in the exercise of the powers so delegated, conform to any terms and conditions that may from time to time be imposed upon it by the board.

6.17 The meetings and proceedings of any board committee consisting of two or more persons shall be governed by the provisions herein contained for regulating the meetings and proceedings of the board so far as the same are applicable thereto and are not superseded by any regulations made by the board under sub-rule 6.12.

6.18 Every board committee shall report to the next succeeding meeting of the board all business dealt with by the board committee since the last preceding meeting of the board.

6.19 Every director must keep confidential and must not, unless authorized to do so by the board, disclose any information regarding the financial and other affairs of members of the Credit Union or any information regarding the business or affairs of the Credit Union which that director has received in their capacity as a director or any deliberations of or decisions taken by the board unless such information, deliberation or decision becomes part of the public domain or generally becomes available on a non-confidential basis.

6.20 No director shall be absent from, or fail to attend, three consecutive meetings of the board unless their failure to attend has been approved by a resolution passed by the board.

6.21 Every director must comply with the code of conduct of the Credit Union.

## 7. REMOVAL OF DIRECTORS

7.1 Subject to sub-rule 7.2, a person may be removed as a director by a resolution passed by not less than two thirds of the remaining directors.

7.2 The directors may not pass a resolution removing a director unless:

- (a) the director who will be removed has failed to comply with the Act or any of the rules or is not, or has ceased to be, qualified to be a director of the Credit Union;
- (b) at least seven days prior to the meeting in which the resolution is to be considered, notice in writing of the meeting and a statement in writing of the grounds for such removal have been delivered to the director whose removal will be considered by the board; and,
- (c) the director whose removal will be considered by the board is given an opportunity to appear before the board and to make submissions to the board regarding the resolution before the resolution is voted upon.

## 8. INDEMNIFICATION OF DIRECTORS AND OFFICERS

8.1 Subject to the limitations contained in the Financial Institutions Act, the Credit Union shall indemnify:

- (a) each director and officer of the Credit Union;
- (b) each former director and officer of the Credit Union; and
- (c) each person who acts or who has acted at the request of the Credit Union as a director or any officer of a corporation of which the Credit Union is or was a shareholder or creditor;

against all costs, charges and expenses, including an amount paid to settle any action or satisfy any judgement, reasonably incurred by the director or officer or person for any civil, criminal or administrative

action or proceeding to which the director or officer or person is made a party by reason of being or having been a director or officer of the Credit Union or corporation, if the director or officer of the Credit Union or corporation acted honestly and in good faith with a view to the best interests of the Credit Union and, in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the director or officer of the Credit Union or corporation had reasonable grounds for believing that their conduct was lawful.

## 9. GENERAL MEETINGS, RESOLUTIONS AND GENERAL PROVISIONS

9.1 The annual general meeting of the Credit Union shall be held on a date and at a time to be fixed and at the place or places and in the manner determined by the board and shall be convened and held in accordance with the provisions of the Act.

9.2 Other general meetings may be convened and held in accordance with the provisions of the Act.

9.3 A general meeting, including an annual general meeting, may be held at two or more places by means of electronic or other communication facilities that allow all persons participating in the meeting to communicate with each other during the meeting, all of which together shall constitute one single meeting. A person who participates in a general meeting held in accordance with this rule shall be deemed to be present at the meeting and shall be counted in the quorum therefor. Any person participating in a meeting under this rule and entitled to vote at the meeting may vote by means of the electronic or other communication facilities made available by the Credit Union for that purpose.

9.4 The following procedures shall be followed at every general meeting:

- (a) the maximum time a member may speak to any issue is three minutes unless the chair of the meeting allows them to speak for a longer period of time;
- (b) no member may raise or speak to an issue that is personal and specific to that member unless permitted by the chair of the meeting to do so and in the absence of such permission the chair of the meeting must rule that issue out of order;
- (c) the chair of the meeting may require any or all questions to be submitted in writing;
- (d) any member who is a director, officer or employee of the Credit Union, or any subsidiary of the Credit Union, will have the same right to propose, speak to and vote on any resolution as other members;
- (e) the chair of the meeting may allow persons who are not members to speak; and,
- (f) unless a count of votes is called for, a declaration by the chair of the meeting will be conclusive evidence that an ordinary resolution has been passed.

9.5 A dispute concerning the procedure to be followed at a general meeting not provided for in the Act or these rules must be resolved in accordance with the most recent addition of Robert's Rules of Order Newly Revised.

9.6 If a decision of the chair of a meeting is appealed, the chair must call a vote of all members present, without debate, on whether they are in favour of or opposed to sustaining the chair's decision.

9.7 At a general meeting of the Credit Union, forty (40) members shall constitute a quorum, but a lesser number may adjourn from time to time until a quorum is obtained.

9.8 The only persons entitled to be present at a general meeting will be those entitled to vote, the directors and auditors of the Credit Union and others who, although not entitled to vote are entitled or required under any provision of the Statutes or these rules to be present at the meeting. Any other person may only attend a general meeting if given permission by the chair of the meeting or if they are authorized to do so by a resolution passed by the board or by the members present at the meeting.

9.9 So far as is practical, the order of business at an annual general meeting shall be as follows:

- (a) call to order;
- (b) determination quorum;
- (c) appointment of recording secretary and of parliamentarian;
- (d) adoption of agenda;
- (e) approval of minutes of previous general meeting;
- (f) business arising out of minutes;
- (g) report of the board;
- (h) report of the president;
- (i) presentation of financial statements;
- (j) report of the auditor;
- (k) report of board committees;
- (l) appointment of auditor;
- (m) report on election of directors;
- (n) unfinished business;
- (o) new business;
- (p) open forum;
- (q) adjournment.

9.10 Each person desiring to cast a vote on any issue shall, on request, present evidence of age, identity and membership, and a declaration that the member has not previously voted or cast a ballot on the issue then in progress.

9.11 Voting on resolutions:

- (a) Only a member in good standing who is not a junior member may vote on a resolution.
- (b) A member of the Credit Union who is not an individual may be represented and vote at meetings of the Credit Union and on any resolution by an individual who is 19 years of age or older and by written authorization deposited with the Credit Union, is authorized to vote at the meeting or on a resolution on behalf of the member.

9.12 If an individual who has been authorized to represent and vote for any member of the Credit Union who is not an individual at any meeting or on any resolution is a member of the Credit Union that member may vote both as a member and as the authorized representative of the member who is not an individual.

9.13 The board may at any time, and from time to time, determine that voting at any general meeting or on any resolution may be conducted by electronic means or include voting by electronic means and any reference in these rules to voting by ballot or to mail ballot shall be read as a reference to voting by electronic means if the board has authorized that vote to be conducted by electronic means or to include voting by electronic means.

9.14 The chair or a director designated by the chair shall preside at and be the chair of general meetings, provided that if no director is present within 30 minutes after the time appointed for holding the meeting or all directors present are unwilling to preside, the members present at the general meeting must choose one of their number to preside at the meeting.

9.15 Voting at a general meeting will be by a show of hands unless the chair of the meeting determines voting shall be conducted in any other manner permitted by the Act and these rules.

9.16 Neither a member nor an auxiliary member shall vote by proxy.

9.17 A special resolution may be proposed by the board at any time and shall be proposed by the board if required by the Act.

9.18 The manner of voting on special resolutions shall be determined by the board and shall be either by the method described in (a) or by the method described in (b) or a combination thereof:

- (a) by voting in person by ballot at a branch office of the Credit Union; or,
- (b) by voting by mail ballot.

9.19 Every vote on a special resolution shall be conducted in the following manner:

- (a) voting shall not be by district;
- (b) no nominating committee shall be appointed;
- (c) the board shall appoint a returning officer;
- (d) the voting procedure shall, except as otherwise provided in this rule, be as determined by the board in a manner consistent with those sub-rules set out in rule 5 regarding the election of directors;
- (e) no amendment may be made to the proposed special resolution.

9.20 The notice of a special resolution given to the members may either:

- (a) include the full text of the proposed special resolution; or,
- (b) state the general nature of the proposed special resolution and that the full text of the special resolution may be examined at any branch of the Credit Union or through electronic means.

9.21 In the event notice of a special resolution is given in the form described in sub-rule 9.20(b), the full text of the proposed special resolution shall be made available for inspection by members at every branch of the Credit Union during normal business hours for a continuous period commencing not later than twenty-one (21) days before the first day on which members are entitled to vote on the special resolution and ending not earlier than the last day on which members are entitled to vote on the special resolution and every member shall be entitled, upon request in person at any branch of the Credit Union, to receive, without charge, a copy of the full text of the proposed special resolution.

9.22 The results of the voting on a special resolution may be announced at the conclusion of the voting process and before a general meeting is held and also at the general meeting.

## 10. SEAL

10.1 The Credit Union shall have a corporate seal.

10.2 The board shall provide for safe custody of the common seal at the registered office of the Credit Union or such other place as the board shall determine it shall be kept for safekeeping.

11. ALTERATION

11.1 Subject to the Statutes, the Credit Union may alter these rules by special resolution from time to time.