

SUMMERLAND & DISTRICT CREDIT UNION RULES

DEFINITIONS

In these Rules, unless the subject or context is inconsistent therewith:

- (a) "credit union" means Summerland & District Credit Union;
- (b) Credit Union Incorporation Act means the *Credit Union Incorporation Act* of British Columbia from time to time in force and all amendments thereto and regulations made pursuant thereto;
- (c) Financial Institutions Act means the *Financial Institutions Act* of British Columbia from time to time in force and all amendments thereto and regulations made pursuant thereto;
- (d) "director" means a director of the credit union for the time being;
- (e) "directors", unless the context otherwise requires, means the board of directors of the credit union;
- (f) "chair" means the chair of the directors.

The meaning of any words or phrases defined in the *Credit Union Incorporation Act* or the *Financial Institutions Act*, shall, if not inconsistent with the subject or context, have the same meaning in these Rules.

RULE 1 - MEMBERSHIP

- 1.1 **Application for Membership** - Every application for membership shall be in writing and shall be accompanied by payment in full of the number of Class "A" Membership Equity Shares required to be held by a member on the date of application for membership.
- 1.2 **Withdrawal or Termination of Membership** - A member may withdraw from membership, and the membership of any person may be terminated, in accordance with the Credit Union Incorporation Act.
- 1.3 **Member in Good Standing** - 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" Membership Equity Shares required by these Rules;
 - (b) is not more than 60 days delinquent in any obligation to the credit union.
- 1.4 **Policies for Purchase, Payment, Redemption, and Ownership of Shares** - Subject to the provisions of the Credit Union Incorporation Act that specify the minimum number of membership shares for which a member must subscribe and pay, the directors may establish policies to waive or delay purchase, payment, redemption, and ownership in whole or in part of equity shares as required by these Rules.

RULE 2 - SHARES AND DEPOSITS

- 2.1 **Withdrawal and Redemption Forms** - The directors may determine the forms by which a person may withdraw monies on deposit or request redemption of shares.
- 2.2 **Interest on Deposits** - Interest on deposits, in the absence of an express contract or agreement, shall be paid or credited at times, intervals, and in a manner determined by the directors and the directors may delegate the power to make such determinations.
- 2.3 **Classes of Shares** - The shares of the credit union shall be divided into the following classes of shares, each consisting of an unlimited number of shares: Class "A" Membership Equity Shares; Class "B" Voluntary Equity Shares; Class "C" Participation Equity Shares; and Class "D" Non-Equity Shares.
- 2.4 **Par Value** - All shares shall have a par value of \$1.00 each.
- 2.5 **Resolution of Directors to Redeem or Purchase Shares** - Subject to the Credit Union Incorporation Act and these Rules, the credit union may, by resolution of the directors, redeem or purchase any of its shares.
- 2.6 **Manner of Redemption or Purchase** - If the credit union proposes, at its option, to redeem some but not all of the shares of any class, the directors may, subject to the special rights and restrictions attached to such class of shares, decide the manner in which the shares to be redeemed shall be selected.
- 2.7 **Class "A" Shares** - Class "A" Membership Equity Shares have attached thereto the following rights and restrictions:
- (a) ownership, assignment, transfer and issue of Class "A" Membership Equity Shares is limited as set out in the Credit Union Incorporation Act;
 - (b) subject to the Credit Union Incorporation Act, the credit union shall redeem the Class "A" Membership Equity Shares held by a member if:
 - (i) the member is a natural person and dies and subject to any contrary instruction of the personal representative of the deceased member to transfer the shares to a person entitled to hold the same pursuant to the Credit Union Incorporation Act and these Rules;
 - (ii) the member is an incorporated company and is dissolved or wound up;
 - (iii) the credit union terminates the membership of the member;
 - (iv) the member withdraws from membership in the credit union;
 - (v) the member is a partnership which dissolves; or
 - (vi) the member, in any other case, ceases to be a legal entity according to the statute by or pursuant to which it was created.

- (c) Subject to the Credit Union Incorporation Act, the credit union may redeem the Class "A" Membership Equity Shares held by a member on such terms and conditions and at such times as the directors, in their discretion, resolve.
- (d) Notwithstanding the foregoing but subject to the Credit Union Incorporation Act, the amount of Class "A" Membership Equity Shares that the credit union may be required to redeem in any financial year is limited to 10% of the amount of such shares issued and outstanding on the last day of the immediately preceding financial year.
- (e) Any redemption or purchase of Class "A" Membership Equity Shares shall be at par value plus any dividends declared but unpaid thereon.

2.8 **Class "B" Shares** - Class "B" Voluntary Equity Shares have attached thereto the following rights and restrictions:

- (a) Class "B" Voluntary Equity Shares may only be issued to a member of the credit union.
- (b) The credit union may redeem any Class "B" Voluntary Equity Shares on such terms and conditions and at such times as the directors, in their discretion, resolve.
- (c) Any redemption or purchase of Class "B" Voluntary Equity Shares shall be at par value plus any dividends declared but unpaid thereon.

2.9 **Class "C" Shares** - Class "C" Participation Equity Shares have attached thereto the following rights and restrictions:

- (a) Class "C" Participation Equity Shares may only be issued to a member of the credit union.
- (b) Subject to the Credit Union Incorporation Act, the credit union may, but shall not be required to redeem the Class "C" Participation Equity Shares held by a member if all indebtedness of the member to the credit union has been fully paid and discharged and:
 - (i) the member is an individual and dies;
 - (ii) the member is an incorporated company and is dissolved or wound up;
 - (iii) the member is a partnership which dissolves;
 - (iv) the member, in any other case ceases to be a legal entity according to the statute by or pursuant to which it was created; or
 - (v) the member requests, in writing, that the Class "C" Participation Equity Shares be redeemed.
- (c) The credit union may redeem any Class "C" Participation Equity Shares held by a member on such terms and conditions and at such times as the directors, in their discretion, resolve.
- (d) Notwithstanding the foregoing, but subject to the Credit Union Incorporation Act, the amount of Class "C" Participation Equity Shares that the credit union may be required to redeem in any financial year is limited to 10% of the total amount of such shares issued and outstanding on the last day of the immediately preceding financial year.
- (e) Any redemption or purchase of Class "C" Participation Equity Shares shall be at par value plus any dividends declared but unpaid thereon.

- 2.10 **Class "D" Shares** - Class "D" Non-Equity Shares have attached thereto the following rights and restrictions:
- (a) Class "D" Non-Equity Shares may, at any time and from time to time, be issued in one or more series with each series consisting of such number of shares as may before the issue thereof be determined by resolution of the Board of Directors.
 - (b) The credit union may redeem any Class "D" Non-Equity Shares on such terms and conditions and at such times as the directors, in their discretion, resolve.
- 2.11 **Evidence Required for Redemption** - The credit union may require evidence as to the events described in Rule 2.7 or Rule 2.09 before redeeming equity shares.
- 2.12 **Membership Share Requirements** - Each member of the credit union, at the time this Rule comes into force, shall subscribe, fully pay for, and hold the following number of Class "A" Membership Equity Shares:
- (a) except as provided below, each member- 25 shares;
 - (b) each junior member- 5 shares;
 - (c) each member which is an incorporated company- 25 shares;
 - (d) each member which is a legal entity, other than an incorporated company, created by or pursuant to statute- 25 shares.
- 2.13 **Increase in Membership Share Requirements** - The directors may, by resolution, determine that the number of Class "A" Membership Equity Shares required to be owned by a member shall be increased, PROVIDED THAT:
- (a) the directors may not determine that the total number of Class "A" Membership Equity Shares required to be owned by a member shall exceed 100 Class "A" Membership Equity Shares;
 - (b) on any one occasion, the directors may not determine to increase the number of Class "A" Membership Equity Shares required to be owned by more than 10 Class "A" Membership Equity Shares;
 - (c) a determination by the directors pursuant to this Rule may be made no more frequently than once per financial year;
 - (d) a subsequent determination by the directors shall not be made to have effect within 6 months of the last such determination; and
 - (e) subject to Rule 2.18, a determination by the directors pursuant to this Rule shall not be effective until the expiration of not less than 90 days after notice of a determination is deemed to have been received by the members.

- 2.14 **Credit Union May Transfer Deposits or Shares to Purchase Membership Shares** If, on the expiration of not less than 30 days after the deemed receipt of the notice described in Rule 2.13, a member does not hold the required number of Class "A" Membership Equity Shares, the credit union may apply any money on deposit and interest thereon or invested in Class "B" Voluntary Equity Shares, Class "C" Participation Equity Shares or Class "D" Non-Equity Shares and dividends credited thereon in the name of the member to the purchase of sufficient Class "A" Membership Equity Shares in the name of the member so that the member shall hold the number of Class "A" Membership Equity Shares required by Rule 2.12 or Rule 2.13.
- 2.15 **Termination of Membership for Insufficient Share Holdings** - If, on the expiration of the period of notice described in Rule 2.13, a member does not hold the required number of Class "A" Membership Equity Shares and the member has insufficient monies on deposit or invested in Class "B" Voluntary Equity, Class "C" Participation Equity Shares and Class "D" Non-Equity Shares to permit the purchase of sufficient Class "A" Membership Equity Shares pursuant to Rule 2.14, the directors may terminate that member's membership unless that membership shall terminate in accordance with the Credit Union Incorporation Act.
- 2.16 **Method of Notice** - Without precluding any other method of giving notice, a notice under Rule 2.13 sent by post, addressed to the member at the member's address shown on the register of members shall be deemed to have had service or delivery effected on the 5th day, Saturdays and holidays excepted, following the date of mailing.
- 2.17 **Junior Members**
- (a) A junior member becomes a member with full membership rights and obligations on attaining the age of majority, provided that such member then holds the number of Class "A" Membership Equity Shares required to be held by a member of the age of majority.
- (b) If, on the 30th day following the day on which a junior member attains the full age of majority, that member does not own the number of shares referred to in Rule 2.12 (a), then Rules 2.14 and 2.15 shall apply, except that no notice shall be required.
- 2.18 **Membership Share Requirements After Notice is Given** - A person who becomes a member of the credit union at any time after notice is given under Rule 2.13 shall, as a condition of membership, subscribe and fully pay for the number of Class "A" Membership Equity Shares required to be held by a member.
- 2.19 **Share Certificates** - Where required by applicable legislation, the credit union shall issue share certificates for equity shares, each of which shall state on its face the words "**NOT GUARANTEED BY THE CREDIT UNION DEPOSIT INSURANCE CORPORATION**".
- 2.20 **Form of Share Certificate** - Every share certificate issued by the credit union shall be in such form as the directors approve and shall comply with the Credit Union Incorporation Act.
- 2.21 **Replacement of Share Certificates** - If any share certificate is worn out or defaced, then, on production of that certificate to the credit union, the certificate may be cancelled and a new certificate issued in place of that certificate; and if any share certificate is lost or destroyed, then, on proof of the loss or destruction to the satisfaction of the directors, on giving such indemnity as the directors deem adequate and on such other reasonable requirements imposed by the directors a new certificate in place of the lost or destroyed certificate shall be issued to the party entitled to it.

- 2.22 **Transfer Subject to Resolution of Directors** - No equity shares shall be transferred without the previous consent of the directors expressed by a resolution of the directors, and the directors shall not be required to give any reason for refusing to consent to any such proposed transfer.
- 2.23 **Effective Date of Transfer** - No transfer or assignment of equity shares is effective until the register of members of the credit union is completed, indicating the transfer or assignment.
- 2.24 **Instrument of Transfer Required** - No transfer of equity shares shall be registered unless a proper instrument of transfer has been delivered to the credit union, but an instrument of transfer is not required for the credit union to register a transmission of shares in compliance with the Credit Union Incorporation Act.
- 2.25 **Transfer Registration** - Subject to the Credit Union Incorporation Act, its constitution, and these Rules, the credit union shall, on application of the transferor or transferee of an equity share, enter the name of the transferee on its register of members.
- 2.26 **Form of Instrument of Transfer** - The instrument of transfer of any equity share shall be in writing in the form, if any, on the back of the credit union's share certificates or any other form that the directors may approve.
- 2.27 **One Class per Transfer Instrument** - If the directors so require, each instrument of transfer shall be in respect of only one class of shares.
- 2.28 **Presentation of Instrument of Transfer and Share Certificate** - Every instrument of transfer shall be executed by the transferor and left at the registered office of the credit union for registration, together with the share certificate, if any, for the shares to be transferred and such other evidence, if any, as the directors may require to prove the title of the transferor or his or her right to transfer the shares. All instruments of transfer which are registered shall be retained by the credit union but any instrument of transfer that the directors decline to register shall be returned to the person depositing the same, together with the share certificate which accompanied the same when tendered for registration.
- 2.29 **Authorization to Transfer** - The signature of the registered owner of any equity shares or of his or her duly authorized attorney on the form of transfer constitutes an authority to the credit union to register the shares specified in the form of transfer in the name of the person named in that form as transferee.
- 2.30 **Credit Union Not Required to Inquire into Title** - Neither the credit union nor any director, officer or agent is bound to inquire into the title of the transferee of those equity shares to be transferred or is liable to the registered or any intermediate owner of those shares, for registering the transfer.
- 2.31 **Transfer on Death or Bankruptcy** - Subject to these Rules and the Credit Union Incorporation Act, a person who becomes entitled to an equity share as a result of the death or bankruptcy of any member or auxiliary member, on producing the evidence required by the *Securities Transfer Act*, or who becomes entitled to a share as a result of an order of a court of competent jurisdiction or a statute, on producing such evidence as the directors think sufficient that he or she is so entitled, may be registered as holder of the share or may transfer the share to a person entitled by these Rules and the Credit Union Incorporation Act to hold such share.
- 2.32 **Maximum Share Ownership** -
- (a) A member may subscribe for a maximum of 100 Class "A" Membership Equity Shares.
 - (b) A person may subscribe for a maximum of 5000 Class "B" Voluntary Equity Shares.

2.33 **Dividends**

- (a) Dividends, patronage refunds, or bonuses declared, if any, at the discretion of the directors may be paid as an allocation of Class "A" Membership Equity Shares, Class "B" Voluntary Equity Shares, or Class "C" Participation Equity Shares.
- (b) Dividends declared, if any, may, at the discretion of the directors, be at a different rate for different classes of shares.
- (c) Subject to the provisions of the Financial Institutions Act and the Credit Union Incorporation Act, the credit union, or the directors on behalf of the credit union, may pay a commission or allow a discount to any person in consideration of that person subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in the credit union, or procuring or agreeing to procure subscriptions, whether absolutely or conditionally, for any such shares.

2.34 **Participation Programs** - Subject to the Credit Union Incorporation Act and the Financial Institutions Act, the directors may develop and offer such participation programs as they deem in the best interest of the credit union.

2.35 **Redemption of Class "D" Shares** - Subject to the rights of the credit union, Class "D" non-equity shares shall be redeemed by the credit union upon the written request of the member.

RULE 3 - BORROWING AND LENDING

3.1 **Directors May Borrow** - Subject to the Credit Union Incorporation Act and the Financial Institutions Act, the directors of the credit union 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 they determine by resolution.

3.2 **Directors Shall Determine Terms of Loans** - Subject to the Credit Union Incorporation Act and the Financial Institutions Act, the directors shall determine the terms and conditions of loans as to interest and other charges, terms of repayment and security, and may, by resolution, delegate the power to make loans and to make the determination aforesaid.

RULE 4 - DIRECTORS AND MANAGEMENT

4.1 **Director Elections to be Held** - Each year, directors shall be elected to replace those whose terms expire and a director whose term expires is eligible for re-election.

4.2 **Term of Office** - Except as to the first election of directors or where an election is held to fill the unexpired portion of a term, directors shall be elected to hold office for 3 years.

4.3 **Terms Determined by Number of Votes** - Where any offices of directors being filled at any election are for different lengths of terms, the term of each person shall be determined in proportion to the number of votes he or she receives, the person receiving the greatest number of votes to hold office for the longest term, provided that if there are 2 or more persons having an equal number of votes their election or terms of office, as the case may be, shall be determined by lot; but, if there is an election by acclamation, the chair of the Nominating Committee shall either determine the respective terms of the persons so elected or direct that the terms be determined by lot.

4.4 **Eligibility for Election as Director** - A member in good standing on the date nominations close, other than a person disqualified by Rule 4.5, shall be eligible for election as a director, but no member of a nominating committee or of a committee responsible for the conduct of an election shall stand for office in that election.

4.5 **Disqualification of Candidates** - A person who:

- (a) is a person disqualified from becoming or acting as a director pursuant to the Financial Institutions Act or the Credit Union Incorporation Act;
- (b) is or becomes a paid employee of the credit union or an affiliate of the credit union or the spouse, child, or step-child of a paid employee of the credit union or an affiliate of the credit union;
- (c) was an employee of a credit union or an affiliate of a credit union during the one-year period prior to the date that nominations for the office of director under these Rules closed;
- (d) is an employee, officer or director of a bank, trust company, loan company, savings and loan association, deposit-taking institution, lending institution or another credit union (other than a director of a central credit union) or a subsidiary of any of them except where that person has been requested or authorized in writing by the directors to serve as a director of a bank, trust company, loan company, savings and loan association, deposit-taking institution, lending institution, other credit union or a subsidiary of any of them;
- (e) has not been a member in good standing of the credit union for 12 consecutive months; or
- (f) does not meet the terms of the Director Qualification Policy set by the directors from time to time;

is not eligible to be nominated for election or to hold office as a director and, if holding office as a director, shall vacate office forthwith. If, while holding office, a director ceases to be a member in good standing or if a director fails, without being excused, to attend regular meetings of the directors for three consecutive months in which meetings are held, that person shall vacate office forthwith.

4.6 **Removal of Director** – An individual may be removed as a director by a resolution passed by not less than two thirds (2/3) of the directors, if that director:

- (a) has failed, without being excused, to attend three consecutive meetings of the directors or any three consecutive meetings of a committee;
- (b) has failed to submit to the Superintendent the personal information return in the form prescribed by the Financial Institutions Act within 15 days of taking office; or
- (c) has breached the Code of Conduct as determined by the other directors in accordance with the policies and procedures relating to the director review established by the Conduct Review Committee.

At least seven (7) days prior to the meeting at which the removal of a director is to be considered, the Corporate Secretary will provide such director with notice of the meeting and the grounds for considering the removal of the director. The director may appear and make submissions at the meeting prior to the directors voting on the resolution for the removal of the director.

- 4.7 **Personal Information Return** - Before commencing duties, a director shall complete and submit to the Superintendent the personal information return in the form prescribed by the Financial Institutions Act, disclosing the prescribed information.
- 4.8 **Nominating Committee** - At least 120 days before an annual general meeting, the directors shall appoint a Nominating Committee of not less than three members, who shall be natural persons and not junior members, and who may, but need not, be directors, provided however, that no director whose term of office is expiring at the annual general meeting next following the appointment of the committee may serve as a member of the committee.
- 4.9 **Nominations** - At least 90 days before an annual general meeting, the Nominating Committee shall:
- (a) notify all members of the credit union that an election of directors is to take place, specifying the number of positions which are to be filled;
 - (b) advise all members 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 60 days prior to the date on which balloting is to commence; and
 - (c) invite the submission to it, in writing, for consideration, the names of proposed candidates, prior to the date on which nominations shall close which shall be specified in the notice, and which date shall be not less than 30 days from the date of the notice.
- 4.10 **Number of Nominations per Member** - No member, unless he or she is a member of the Nominating Committee, may nominate more than 1 candidate in respect of an election of a director or directors.
- 4.11 **Eligibility to Vote** - Only a member in good standing who is not a junior member is eligible to cast a ballot in an election of a director or directors.
- 4.12 **Voting by Businesses and Organizations** - A member of a credit union who is not an individual may vote in an election of directors by an individual who:
- (a) is not a member, and
 - (b) by written authorization deposited with the credit union, is authorized to vote on behalf of that member.
- 4.13 **Declaration of Candidate Required** - 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 Credit Union Incorporation Act and the Financial Institutions Act as applicable;
 - (c) to comply with the directors' conflict of interest guidelines adopted by the directors, from time to time; and
 - (d) to observe the Rules of the credit union and procedures relating to the election and the conduct thereof.

- 4.14 **Acceptance of Nominations** - The Nominating Committee shall examine each nomination received and determine whether the nomination complies with the Financial Institutions Act and these Rules, and shall accept each nomination of a member qualified to be a candidate whose nomination is in order and reject each nomination which is not in order or that does not comply and notify each nominee accordingly and, forthwith after the date on which nominations close:
- (a) place in nomination the names of qualified candidates at least equal to the number of vacancies to be filled in the election;
 - (b) place in nomination the names of other candidates nominated in writing by at least 3 members in good standing of the age of majority;
 - (c) 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 directors relating to elections and the conduct thereof;
 - (d) request that each candidate meet with the Nominating Committee for the purpose of an interview, within 14 days of the close of nominations; and
 - (e) request that each candidate complete the personal information return required to be submitted to the superintendent pursuant to the Financial Institutions Act.
- 4.15 **Acclamation** - 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 Nominating Committee to be elected by acclamation.
- 4.16 **Notice of Election to Members** - Where an election is to be held, the Nominating Committee shall make available, at least 30 days before the annual general meeting, to all members of the credit union entitled to vote:
- (a) a photograph, resume and policy statement if submitted by a candidate for election pursuant to Rule 4.28;
 - (b) clear and precise instructions for voting;
 - (c) advice of the date (or dates) and time(s) during which voting in the election shall take place;
 - (d) advice of the place or places at which polling in the election shall take place; and
 - (e) a list of conditions under which members will be eligible to vote in the election;
- and if the directors determine that voting shall include voting by mail ballot and where the member requests a mail ballot:
- (f) a ballot listing, alphabetically, the names of all nominees;
 - (g) a ballot envelope which will ensure confidentiality;
 - (h) a ballot authentication envelope with space for the name, address, branch, membership number, and signature of the member;
 - (i) an addressed envelope bearing the address of the registered office of the credit union; and
 - (j) clear instructions for casting the ballot and return thereof by Canada Post or personal delivery, specifying the day on which the ballot must be received by the credit union in order to be counted.

- 4.17 **Method of Voting** - The directors shall determine whether voting in an election of directors shall be by voting in person at a general meeting, by written means, by electronic means or any combination thereof and the procedures for voting by such method or methods.
- 4.18 **Appointment of Returning Officer** - The directors may appoint a returning officer.
- 4.19 **Qualifications of Returning Officer** - A returning officer appointed under Rule 4.18 may, but need not, be a member of the credit union but the returning officer shall not be an employee of the credit union.
- 4.20 **Appointment 60 Days in Advance** - Where a returning officer is appointed, he or she shall be appointed at least 60 days prior to the date on which voting in an election is to commence.
- 4.21 **Engagement of Resource Persons** - The Nominating Committee and, where applicable, the returning officer may engage such other resource persons as the directors and the Nominating Committee or returning officer agree are required to conduct the election in a proper manner.
- 4.22 **Validity of Ballots** - A ballot must contain votes for the number of persons to be elected and any ballot indicating another intention is void.
- 4.23 **Replacement of Ballots** - If a member who is entitled to receive a ballot does not receive a ballot or loses or destroys his or her ballot before it is cast, then, prior to the close of balloting, on declaration by the member that the ballot was not received or has been lost or destroyed and that the member has not cast a ballot in the election, a new ballot shall be made available to that member, together with such information as was provided to other members entitled to vote in that election.
- 4.24 **Voting, Counting, and Announcement of Results** - The returning officer or, if there is no returning officer, the Nominating Committee shall supervise the election of directors and:
- (a) may require a member to provide proof and particulars of membership and may require a member to provide a declaration that the member has not previously cast a ballot in the election then in progress;
 - (b) shall obtain all ballots and, after the close of balloting, shall cause a tally to be made of all ballots, such tally to be made in a manner that ensures the secrecy of the balloting;
 - (c) shall determine whether a ballot is to be accepted or rejected and, except in the case of a recount of votes conducted according to these Rules, such determination is final and not open to review; and
 - (d) shall announce, at the annual general meeting next following the completion of voting, the results of the election, including the total number of ballots cast, the number of spoiled ballots and the number of votes obtained by each candidate.
- 4.25 **Posting of Election Results** - An alphabetic listing of the candidates and the number of votes received by each shall be posted in each office of the credit union as soon as the results of the ballot have been announced and shall remain posted for three clear business days.

- 4.26 **When Directors Take Office** - Subject to the Financial Institutions Act, a person elected as a director shall take office at the close of the annual general meeting next following his or her election or, if the election results with respect to the election of that person are not determined by the close of the annual general meeting, then as soon thereafter as the results are determined provided that, for the purpose of determining that person's length of term, he or she shall be deemed to have taken office at the close of the annual general meeting.
- 4.27 **Campaigning Rules** - The directors 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 directors.
- 4.28 **Conduct of Candidates** - No candidate shall interfere with the election process or seek assistance in connection with the election from any employee of the credit union.
- 4.29 **Candidate's Submission** - A candidate may submit a photograph of the candidate, a resume and a statement not exceeding, in the aggregate, 250 words, setting forth the candidate's biographical information, occupation, credit union affiliation, experience and qualifications, which statement shall be reviewed by the Nominating Committee and may be rejected by the committee if the committee considers it to be lacking in good taste, defamatory, injurious to the reputation of the credit union, or if it exceeds 250 words.
- 4.30 **Statement of Disclosure** - Every director shall, forthwith after his or her 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 he or she may have.
- 4.31 **Number of Directors** - The number of directors of the credit union shall be 9, but if that number is reduced 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 directors until the vacancy or vacancies caused thereby have been filled by appointment or election.
- 4.32 **Appointment to Fill Vacancy** - Where a casual vacancy occurs among the directors or, for any reason, the office of director is not filled in an election, the remaining directors 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.
- 4.33 **Number of Directors Less than Quorum** - Where the number of directors of a credit union is reduced below the number fixed by, or pursuant to, Rule 4.39 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.
- 4.34 **Election of Officers** - The directors shall meet within 30 days after each annual general meeting and shall elect from their own numbers a chair and vice-chair and, subject to Rule 4.41, may appoint such additional officers as they consider necessary.
- 4.35 **Frequency of Meetings** - The directors shall meet at least 10 times in each year and not less frequently than once in each quarter.
- 4.36 **Calling Meetings** - The chair may call a meeting of the directors at any time and shall, within 14 days of receipt of a written request of three directors, call a meeting of the directors.

- 4.37 **Notice of Meetings** - Reasonable notice of a meeting of directors specifying the place, day and hour of such meeting shall be given by mail, postage prepaid, addressed to each of the directors at his or her address as it appears on the books of the credit union or by leaving it at his or her usual business or residential address or by telephone, telegram, telex, or any method of transmitting legibly recorded messages. It shall not be necessary to give notice of a meeting of directors to any director:
- (a) who is at the time not in the Province of British Columbia; or
 - (b) if such meeting is to be held immediately following a general meeting at which such director shall have been elected or is the meeting of directors at which such director is appointed. 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.
- 4.38 **Waiver of Notice** - A director may waive, in writing, notice of any past or present meeting of the directors.
- 4.39 **Quorum** - A majority of the directors shall constitute a quorum but a lesser number may adjourn from time to time until a quorum is obtained.
- 4.40 **Director with Conflict Counted in Quorum** - 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 Rule 4.39.
- 4.41 **Appointment of Other Officers** - The directors shall appoint the president, the secretary, the general manager, and may appoint or authorize the appointment of such additional employees as may be required for the proper operation of the credit union.
- 4.42 **Duties of Vice-chair** - In the absence of the chair or his or her 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.
- 4.43 **Rules of Order** - Subject to the Credit Union Incorporation Act and the Financial Institutions Act, the directors may adopt rules of order governing their conduct but, where no rules are adopted, the current edition of "Robert's Rules of Order Newly Revised" shall be used.
- 4.44 **Meetings by Telecommunications** - A director or a committee member may participate in a meeting of the directors or any committee of the directors by means of conference telephones or other communications facilities by means of which all directors or committee members participating in the meeting can hear each other, provided that all such directors or committee members agree to such participation. A director or committee member participating in accordance with this 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.
- 4.45 **Consent Resolution** - A resolution, whether or not in counterpart, consented to in writing by all directors or all the members of a committee and filed with the minutes of the directors or the committee shall be as valid and effectual as if it had been passed at a meeting of the directors or of the committee, duly called and constituted.
- 4.46 **Audit Committee** - The directors shall annually appoint three of their number as the Audit Committee.
- 4.47 **Investment and Loan Committee** - The directors shall annually appoint an Investment and Loan Committee.

- 4.48 **Conduct Review Committee** - The directors shall annually elect three of their number as the Conduct Review Committee.
- 4.49 **Delegation of Powers** - Subject to the Credit Union Incorporation Act and the Financial Institutions Act, the directors may delegate any of their powers to committees consisting of such persons as the directors think fit, and to such officer or officers as the directors think fit, and may from time to time revoke such delegation.
- 4.50 **Terms of Reference** - Any committee formed under Rule 4.49 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 directors.
- 4.51 **Committee Proceedings** - The meetings and proceedings of any committee consisting of 3 or more persons shall be governed by the provisions herein contained for regulating the meetings and proceedings of the directors so far as the same are applicable thereto and are not superseded by any regulations made by the directors under Rule 4.50.
- 4.52 **Committee Reports** - Every committee shall report to the next succeeding meeting of the directors all business dealt with by the committee since the last preceding meeting of the directors.
- 4.53 **Indemnification of Directors** - 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 officer of a corporation of which the credit union is or was a member or creditor; against all costs, charges and expenses, including an amount paid to settle any action or proceeding 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 his or her conduct was lawful, and, if the director or officer is required to include in income or in the income of that individual's estate, any payment made under this indemnification for the purpose of determining income tax payable by the director or officer, the credit union shall pay an amount by way of indemnity that will fully indemnify for the amount of all liabilities herein described and all income taxes payable as a result of the receipt of the indemnity payment.

RULE 5 - GENERAL MEETINGS

- 5.1 **Date of Annual General Meeting** - The annual general meeting of the credit union shall be held on a date to be fixed by the directors and shall be convened and held in accordance with the provisions of the Credit Union Incorporation Act.
- 5.2 **Other General Meetings** - Other general meetings may be convened and held in accordance with the provisions of the Credit Union Incorporation Act.
- 5.3 **Rules of Order** - Subject to the Credit Union Incorporation Act, a general meeting may adopt rules of order for its conduct, but if no rules are adopted, the current edition of "Robert's Rules of Order Newly Revised" shall be used.
- 5.4 **Quorum** - At a general meeting of the credit union, 25 members shall constitute a quorum, but a lesser number may adjourn from time to time until a quorum is obtained.
- 5.5 **Order of Business** - So far as is practical, the order of business at an annual general meeting shall be as follows:
- call to order,
 - ascertainment of quorum,
 - appointment of recording secretary and of parliamentarian,
 - adoption of agenda,
 - approval of minutes,
 - business arising out of minutes,
 - report of the directors,
 - report of management,
 - presentation of financial statements,
 - report of the auditor,
 - approval of auditor's report,
 - report of other committees,
 - elections,
 - appointment of auditor,
 - unfinished business,
 - new business,
 - good and welfare,
 - adjournment.
- 5.6 **Member Declaration** - Each person desiring to cast a vote on any issue or a ballot in person in an election 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 or in the election then in progress.
- 5.7 **Who May Vote** -
- (a) Only a member in good standing at least 90 days prior to the commencement of voting and who is not a junior member may vote on a resolution, including a special resolution.
 - (b) A member of a credit union who is not an individual may be represented and vote at meetings of the credit union by an individual who:
 - (i) is not a member, and
 - (ii) by written authorization deposited with the credit union, is authorized to vote at the meeting on behalf of the member.
- 5.8 **Chair** - The chair, the vice-chair, or a director designated by the chair shall chair general meetings of the credit union.

- 5.9 **Matters Proposed by Members** – Subject to the Credit Union Incorporation Act, any matter proposed by members for consideration at a general meeting including a proposed special resolution, shall be made by requisition signed by not less than five (5) per cent in number of the members or 300 members, whichever is the lesser, stating the proposal or special resolution to be considered and deposited at the registered office of the credit union. The directors may refuse to present the proposal or special resolution for consideration on one or more of the following grounds:
- (a) the requisition was not deposited at the registered office of the credit union at least ninety (90) days before the anniversary date of the last annual general meeting, or at least ninety (90) days before the date on which it is proposed that the meeting is held;
 - (b) it clearly appears that the proposal is submitted by the members for the purpose of enforcing a personal claim or redressing a personal grievance against the credit union or its directors or officers, or primarily for the purpose of promoting causes that are extraneous to the purpose of the credit union; or
 - (c) substantially the same proposal was considered and defeated by the membership within the two (2) years immediately before the date of deposit at the registered office of the credit union of the requisition containing the current proposal of the credit union.
- 5.10 **Requisition for Special General Meeting** – Members may requisition a special general meeting for consideration of a proposal or proposed special resolution in accordance with the Credit Union Incorporation Act.
- 5.11 **Directors May Convene Special General Meeting** – The directors may convene special general meetings as they deem fit but subject always to the Credit Union Incorporation Act.
- 5.12 **Directors May Propose Resolutions** – The directors may propose resolutions for consideration of the members, including special resolutions, as they deem fit but subject always to the Credit Union Incorporation Act. The directors may, but shall not be required to, convene a special general meeting in conjunction with any resolution proposed by the directors for consideration of the members.
- 5.13 **Method of Voting on Special Resolution** – Voting on a special resolution shall be by a method or combination of methods provided by the Credit Union Incorporation Act as determined by the directors and included in the notice of special resolution, and the directors shall determine the procedures for voting by such method or methods.
- 5.14 **Method of Voting on Other Resolution** – Voting on a resolution other than a special resolution may, if the directors so determine, be conducted by the same method as voting on a special resolution, in which case Rule 5.13 shall apply.
- 5.15 **Majority Requirements** – Unless otherwise provided by these rules or the Credit Union Incorporation Act in any matter voted upon by the members, the majority of those voting shall determine the act of the credit union unless the matter is proposed as a special resolution in which case a two-thirds majority of those voting must approve the resolution.
- 5.16 **One Vote Per Person** – No person shall cast more than one (1) vote on a resolution (whether in a personal or representative capacity).
- 5.17 **Tie Vote** – If the result of a vote on a resolution is a tie, the resolution shall fail.

- 5.18 **Manner of Voting** - Subject to the Credit Union Incorporation Act the chair shall determine the manner by which voting shall be undertaken at a meeting of the credit union.
- 5.19 **No Proxy Voting** – Except for representatives described in Rule 5.7(b) neither a member nor an auxiliary member shall vote by proxy.
- 5.20 **Decorum** – The Chair of a general meeting may refuse entry to or request removal from a general meeting, any individual the Chair determines, in his or her sole discretion, is acting in an inappropriate manner.

RULE 6 - SEAL

- 6.1 **Seal** - The credit union shall have a corporate seal.
- 6.2 **Custody** - The directors shall provide for safe custody of the corporate seal at the registered office of the credit union or such other place as the directors determine it shall be kept for safekeeping and shall provide for its use.

RULE 7 - ALTERATION

- 7.1 **Special Resolution Required** - Subject to the Credit Union Incorporation Act and the Financial Institutions Act, the credit union may alter its constitution or these Rules from time to time, by special resolution.

RULE 8 - FINANCIAL YEAR END

- 8.1 **Year-end** - The financial year end of the credit union is December 31.

RULE 9 - SPECIAL RESOLUTIONS

- 9.1 **Board Proposed** - Special resolutions may be proposed by the Board of Directors.
- 9.2 **Voting Eligibility** - To be eligible to vote on a special resolution a person must be a member in good standing, other than a junior member, at least 90 days prior to the commencement of voting.
- 9.3 **Method of Voting** - The directors shall determine whether voting on a special resolution shall be by voting in person at a general meeting, by written means, by electronic means or any combination thereof and the procedures for voting by such method or methods.
- 9.4 **Voting Information** - The directors shall forward to each member eligible to vote a notice of each special resolution.
- 9.5 **Supervision of Vote** - A returning officer (who may, but need not be, a member of the credit union) appointed by the Board of Directors shall be responsible for the supervision of the voting on special resolutions. A determination of the returning officer shall be conclusive and binding upon all concerned.

- 9.6 **Proof of Membership** - The returning officer may require a member to provide proof and particulars of membership and eligibility and may require a member to provide a declaration that the member has not previously cast a ballot during the special resolution vote then in progress.
- 9.7 **Tally** - The returning officer shall cause all ballots to be returned to the returning officer following the close of voting and shall cause a tally to be made of all ballots, such tally to be conducted in a manner which ensures the secrecy of the voting.
- 9.8 **Acceptability of Ballots** - Subject to the Credit Union Incorporation Act, notwithstanding anything herein contained, the final decision in determining whether a ballot is to be accepted or rejected shall be made by the returning officer when the votes are tallied and the decision of the returning officer is final and not open to question or review.
- 9.9 **Results** - The returning officer shall communicate the results of the vote on a special resolution to the chair of the directors within 7 days of the tally of ballots, and the directors shall communicate the results of the vote on a special resolution to the members within 60 days of receiving the results from the returning officer.
- 9.10 **Filing with Superintendent** - The credit union will file with the Superintendent of Financial Institutions every special resolution passed by its members.