

**WILLIAMS LAKE AND DISTRICT  
CREDIT UNION**

**CREDIT UNION RULES**

## DEFINITIONS

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

- a) "**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;
- b) "**auditor**" means that person or firm appointed by the credit union at an annual general meeting or otherwise in accordance with the Act;
- c) "**chair**" means the chair of the directors;
- d) "**Class "A" Membership Shares**" means that distinct class of equity shares that, pursuant to the Act, each member and each junior member must subscribe and pay for as a condition of admission to membership;
- e) "**Class "C" Voluntary Equity Shares**" means equity shares issued by the credit union, other than Class "A" Membership Shares, which may be issued to or subscribed to and paid for by members;
- f) "**Conduct Review Committee**" means a committee of the directors responsible to, among other things, establish and oversee written procedures designed to prevent conflicts of interest and to resolve them if they occur;
- g) "**credit union**" means Williams Lake and District Credit Union;
- h) "**director**" means a director of the credit union for the time being;
- i) "**directors**", unless the context otherwise requires, means the board of directors of the credit union;
- j) "**Electronic Transactions Act**" means the Electronic Transactions Act of British Columbia from time to time in force and all amendments thereto and regulations made pursuant thereto;
- k) "**equity shares**" includes Class "A" Membership Shares and Class "C" Voluntary Equity Shares;
- l) "**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;
- m) "**member in good standing**" means a member, including a junior member, who at the date on which good standing is determined has subscribed, paid for and holds the number of Class "A" Membership Shares required by these Rules, and who is not more than ninety (90) days delinquent in any obligation to the credit union;
- n) "**Nominating Committee**" means a committee of the directors responsible to, among other things, ensure that the annual election of directors is conducted in a manner that fulfils the requirements of the Act, and these Rules;
- o) "**Recount Committee**" means a committee appointed by the chair to oversee a recount of the results of any vote;
- p) "**Securities Transfer Act**" means the Securities Transfer Act of British Columbia from time to time in force and all amendments thereto and regulations made pursuant thereto; and
- q) "**superintendent**" means the Superintendent of Financial Institutions, appointed pursuant to the Financial Institutions Act.

The meaning of any words or phrases defined in the Act, the Financial Institutions Act or the Electronic Transactions 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 be accompanied by payment in full for the number of Class "A" Membership 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 Act.

## **RULE #2 - SHARES AND DEPOSITS**

2.1 Liens – 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.

2.2 Form of Withdrawal or Share Redemption – The directors may determine the forms by which a person may withdraw monies on deposit or request redemption of shares, and the directors may delegate the powers to make such determinations.

2.3 Classes of Shares – The capital of the credit union shall be divided into two (2) classes of shares, each consisting of an unlimited number of shares: Class "A" Membership Shares and Class "C" Voluntary Equity Shares.

2.4 No Guarantee – Monies invested in equity shares and dividends thereon shall not be guaranteed by the Credit Union Deposit Insurance Corporation of British Columbia.

2.5 Subscription for Shares; Par Value; Manner of Redemption of Shares –

(1) Subject to the Act and these Rules, equity shares may only be subscribed for and purchased by a member of the credit union or transferred between members thereof or the shares may be assigned to, transferred to or redeemed or purchased by the credit union.

(2) Any subscription, purchase, transfer, or assignment of Class "A" Membership Shares shall be at par value of \$1.00 each and any redemption shall be at par value of \$1.00 each plus any dividends declared but unpaid on the shares.

(3) Any subscription, purchase, transfer or assignment of Class "C" Voluntary Equity Shares shall be at par value of \$5.00 each and any redemption shall be at par value of \$5.00 each plus any dividends declared but unpaid on the shares.

(4) Subject to the Act and these Rules, the credit union may, by resolution of the directors, redeem or purchase any of its shares on such terms and conditions and at such times as the directors, in their discretion, determine.

(5) 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.

## 2.6 Transfer of Equity Shares –

(1) Equity shares are not transferable or assignable 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) No transfer or assignment of shares is effective until the record of shareholdings maintained by the credit union is completed indicating the transfer or assignment.

(3) 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 Act.

(4) Subject to the 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.

(5) The instrument of transfer of any equity share shall be executed by the transferor, in writing on the back of the equity share certificate, if any, or any other form that the directors may approve 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 the transferor's 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.

(6) The signature of the registered owner of any equity shares or of the registered owner's 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.

(7) 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.

(8) If the directors so require, each instrument of transfer shall be in respect of only one class of share.

2.7 Membership Share Requirements – As a condition of admission as a member, a person is required to subscribe and pay for at least five Class "A" Membership Shares.

2.8 Increase in Membership Share Requirements – The directors may, by resolution, determine that the number of Class "A" Membership 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 Shares required to be owned by a member shall exceed 1,000 Class "A" Membership Shares;

(b) on any one occasion, the directors may not determine to increase the number of Class "A" Membership Shares required to be owned by more than 25 Class "A" Membership 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 six months of the last such determination; and

(e) subject to Rule 2.9, a determination by the directors pursuant to this Rule shall not be effective until the expiration of not less than ninety (90) days after notice of a determination is deemed to have been received by the members.

2.9 Membership Share Requirements After Notice Given – A person who becomes a member of the credit union at any time after notice is given under Rule 2.8 shall, on the date that person is admitted into membership, subscribe for and purchase the number of Class "A" Membership Shares required to be owned by a member.

2.10 Redemption of Membership Shares –

(1) Subject to the Act and Rule 2.15, the credit union will redeem Class "A" Membership Shares held by a member if:

- (a) the member, in the case of an individual, dies subject to any contrary instruction of the personal representative of the deceased member to transfer the shares to a person entitled to hold them pursuant to the Act and these Rules;
- (b) the member, in the case of an incorporated company, is wound up in accordance with the applicable legislation;
- (c) the member, in the case of a partnership or unincorporated association, dissolves;
- (d) the member, in any other case, ceases to be a legal entity according to the legislation that created it;
- (e) the member's membership is terminated; or
- (f) the member withdraws from membership.

(2) The credit union may require evidence as to the events described in Rule 2.10(1), before redeeming Class "A" Membership Shares.

2.11 Special Rights and Restrictions for Class "C" Voluntary Equity Shares –

(1) Class "C" Voluntary Equity Shares may be held or beneficially owned only by members.

(2) Subject to the Act and Rule 2.15, Class "C" Voluntary Equity Shares shall be redeemed by the credit union upon the written request of the shareholder.

2.12 Joint Ownership –

(1) Equity shares may be held jointly by up to two (2) members, but nothing in this Rule diminishes the number of Class "A" Membership Shares that each member must hold as a condition of admission as a member of the credit union.

(2) 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.

2.13 Policies for Purchase, Payment, Redemption and Ownership of Shares – Subject to the Act, 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.

2.14 Transfer of Deposits or Shares to Purchase Membership Shares; Termination of Membership for Insufficient Shareholdings –

(1) If a member is not the owner of the required number of Class "A" Membership Shares under Rule 2.7 or under Rule 2.8 (in the latter case, on expiration of the period of notice described in Rule 2.8), the credit union may apply any money on deposit and interest thereon or invested in Class "C" Voluntary Equity Shares and dividends credited thereon in the name of the member to the purchase of sufficient Class "A" Membership Shares in the name of the member so that the member shall own the number of Class "A" Membership Shares required under these Rules.

(2) If a member is not the owner of the required number of Class "A" Membership Shares under these Rules and the member has insufficient monies on deposit or invested in Class "C" Voluntary Equity Shares to permit the purchase of sufficient Class "A" Membership Shares pursuant to Rule 2.14(1), the member shall immediately cease to be a member of the credit union in accordance with the Act.

2.15 Special Rights and Restrictions for Equity Shares – Equity shares shall have the following rights and restrictions:

- (a) Without a resolution to the contrary, the directors shall limit the number of equity shares of each class redeemed in any one calendar year to 10 percent (10%) of the aggregate amount of equity shares issued and outstanding as of the credit union's previous financial year end; and
- (b) Subject to the Act, the credit union shall not be required to redeem any equity share that is held jointly with a right of survivorship until the death of the last remaining joint holder.

2.16 Recording of Shareholdings – Equity shares shall be recorded in the member's name and a statement of each member's shareholdings shall be prepared at least annually.

2.17 Share Certificates – The credit union may issue share certificates for Class "A" Membership Shares and shall issue share certificates for Class "C" Voluntary Equity Shares, which certificates shall be in such form as the directors approve, which form shall comply with the Act and which shall state on their face the words "NOT GUARANTEED BY THE CREDIT UNION DEPOSIT INSURANCE CORPORATION".

2.18 Dividends –

(1) Dividends, patronage refunds, or bonuses declared, if any, at the discretion of the directors may be paid as an allocation of Class "A" Membership Shares or Class "C" Voluntary Equity Shares.

(2) Dividends declared, if any, may, at the discretion of the directors, be at a different rate for different classes of shares.

(3) 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.

2.19 Maximum Number of Shares to be Held –

(1) A member may subscribe for a maximum of one thousand (1,000) Class "A" Membership Shares.

(2) A member may not subscribe for more than one thousand (1,000) Class "C" Voluntary Equity Shares.

2.20 Notice – Without precluding any other method of giving notice, a notice under Rule 2.8(e) sent by post, addressed to the member at the member's address shown on the register of members, shall be deemed to have been received on the 5<sup>th</sup> day, Saturdays and holidays excepted, following the date of mailing.

2.21 Lost Share Certificates –

(1) If any share certificate is lost or destroyed or worn out or defaced, the credit union shall issue a new share certificate to the member, in accordance with the provisions of the Securities Transfer Act.

(2) The credit union may charge a reasonable amount for the issuance of a replacement share certificate.

2.22 Delivery of Joint Share Certificates – A share certificate registered in the names of two (2) persons shall be delivered to the person first named on the register of members.

2.23 Transfer on Death or Bankruptcy – Subject to these Rules and the 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 Act and 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 the person 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 Act to hold such share.

2.24 Commissions and Discounts – Subject to the provisions of the Act, 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, provided that the rate of the commission and discount shall not in the aggregate exceed the amount permitted by the Act.

2.25 Participation Programs – Subject to the 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.

### **RULE #3 - BORROWING AND LENDING**

3.1 Borrowing Permitted – Subject to the Act and the Financial Institutions Act, the directors 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 Board Will Determine Terms of Loans – Subject to the 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 determinations 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 where an election is held to fill the unexpired portion of a term, directors shall be elected to hold office for three (3) years, with each director's term expiring at the close of the third annual general meeting following the meeting at which the director took office.

4.3 Terms Determined by Number of Votes –

(1) 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 a person receives, with 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, 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.

(2) Where two (2) or more persons receive the same number of votes in an election of directors and if that number of votes is the lowest number that would elect a director in that election:

- (a) then a recount of votes shall be conducted in accordance with these Rules; and
- (b) if there is a tie after the recount, the successful candidate shall 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.

4.5 Disqualification – A person who:

- (a) is a person disqualified from becoming or acting as a director pursuant to the Act or the Financial Institutions Act;
- (b) is or becomes a paid employee of the credit union or an affiliate of the credit union or the parent, step-parent, 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 or affiliate 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 or affiliate of any of them;

(e) is the spouse of any person referred to in Rule 4.5(d); or

(f) has not been a member in good standing of the credit union for twelve (12) consecutive months;

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.

4.6 Removal of Directors – A person may be removed as a director by a resolution passed by not less than two-thirds of the remaining directors if that director:

(a) has failed, without being excused for reasonable circumstances by the chair (or, in the case of the chair, the vice-chair), to attend:

(i) three consecutive regular meetings of the directors;

(ii) three consecutive regular meetings of a committee to which the director has been appointed or elected; or

(iii) more than a total of three meetings of the directors or any committee to which the director has been appointed or elected in any financial year;

(b) ceases to be a member in good standing;

(c) owns or controls a 50% or greater interest in an incorporated or unincorporated entity which is more than ninety (90) days delinquent in any obligation to the credit union;

(d) has breached these Rules or the campaigning rules when the director was a candidate for election as a director;

(e) has breached the directors' conflict of interest guidelines, confidentiality procedures or code of ethics adopted by the directors from time to time; or

(f) has breached the confidentiality of any proceedings, deliberations or information of the directors,

in each case, as may be determined by the resolution of the directors. At least seven (7) days prior to the meeting at which the removal of a director is to be considered, the secretary will provide such director with notice of the meeting and the grounds for considering the director's removal. The director may appear and make submissions at the meeting prior to the directors voting on the resolution for the director's removal.

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 superintendent under the Financial Institutions Act, disclosing the prescribed information.

4.8 Nominating Committee – At least one hundred and twenty (120) days before an annual general meeting, the directors shall appoint a Nominating Committee of not less than three (3) 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 ninety (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; and
- (b) 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 thirty (30) days from the date of the notice.

4.10 Number of Nominations per Member – No member, unless the person is a member of the Nominating Committee, may nominate more than one (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. A member may only cast one ballot in an election.

4.12 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:

- (a) is willing to stand for election, and if elected, to serve as a director;
- (b) is willing to comply with the provisions of the Act and the Financial Institutions Act, as applicable;
- (c) is willing to comply with the directors' conflict of interest guidelines, confidentiality procedures and code of ethics adopted by the directors, from time to time;
- (d) is willing to comply with the Rules of the credit union and procedures relating to the election and the conduct thereof; and
- (e) is not disqualified, under Rule 4.5, to act as a director.

4.13 Acceptance of Nominations – The Nominating Committee shall examine each nomination received and determine whether the nomination complies with the Act, 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 three (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 ten (10) 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.

4.14 Recommendation of Candidates – Notwithstanding Rule 4.13, taking into account the skills and experience of those directors whose terms of office are not expiring, the Nominating Committee may recommend any number of candidates and may communicate its recommendations and the reasons for its recommendations to the members in any manner as it deems to be appropriate.

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 give, at least thirty (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 4.33;
- (b) clear and precise instructions for voting;
- (c) a list of conditions under which members will be eligible to vote in the election;
- (d) if a ballot is to be taken by mail:
  - (i) a ballot listing, alphabetically, the names of all nominees;
  - (ii) a ballot envelope with the single word "ballot" printed thereon;
  - (iii) a ballot authentication envelope with space for the name, address, branch, membership number, and signature of the member;
  - (iv) an addressed envelope bearing the address of the credit union or the returning officer; and
  - (v) clear instructions for casting the ballot and return thereof by Canada Post, specifying the day on which the ballot must be received by the credit union in order to be counted, which shall not be less than seven (7) days prior to the annual general meeting;
- (e) if a ballot is to be taken by voting in person in a branch office:

- (i) clear instructions for casting a ballot, specifying the days on which ballots must be cast in a branch office in order to be counted, which shall not be less than seven (7) days prior to the annual general meeting;
- (ii) advice of the right of each member to request in writing, not less than ten (10) days before the close of balloting, a ballot which may be cast by mail instead of being cast in a branch office;

(f) if a ballot is to be taken using electronic means:

- (i) clear instructions for casting the ballot, specifying the day on which the ballot must be received by the credit union in order to be counted, which shall not be less than seven (7) days prior to the annual general meeting;
- (ii) advice of the right of each member to request in writing, not less than ten (10) days before the close of balloting, a ballot which may be cast by mail instead of being cast by electronic means.

4.17 Method of Voting – Voting in an election of directors shall be by one of the following methods, whichever the directors shall determine:

(a) by mail ballot only;

(b) by voting in person on five (5) business days ending not less than seven (7) days before the annual general meeting at any branch office of the credit union, or by mail ballot upon receipt of a member's written request when so requested at least ten (10) days before the close of balloting; or

(c) by electronic means, or by mail ballot upon receipt of a member's written request when so requested at least ten (10) days before the close of balloting.

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, the returning officer shall be appointed at least sixty (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 may contain votes for any number of candidates up to the number of terms of office to be filled 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 the member's 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 such determination is final and not open to review; and
- (d) shall announce, at the annual general meeting next following the completion of voting, and may publicize, at any date after which the results have been conclusively determined, 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. If the results of the election are not conclusively determined by the close of the annual general meeting, the results will be announced as soon thereafter as the results are determined.

4.25 Posting of Election Results – As soon as the results of the ballot have been announced, an alphabetic listing of the candidates and the number of votes received by each shall be published by posting the results in each office of the credit union or published electronically, including posting the results on the website of the credit union, as the directors shall determine, in their sole discretion and such notice shall remain posted until the close of business on the third clear day following the date on which the notice was posted.

4.26 When Directors Take Office – Subject to the Act and the Financial Institutions Act, a person elected as a director shall take office at the close of the annual general meeting next following the person's 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, the person shall be deemed to have taken office at the close of the annual general meeting.

4.27 Recount of Ballots – If, in an election of directors, the number of votes received by an elected candidate or candidates who received the least votes in the election is less than six (6) votes in excess of those received by the unelected candidate or candidates who received the most votes in that election, an official recount of votes cast at such election shall be held, provided that:

- (a) such recount shall have been requested by any candidate or candidates in the election, by notice in writing delivered to the head office of the credit union (for the attention of the chair) or by the directors by ordinary resolution, within five (5) clear business days from the date of the posting of the results;
- (b) no official recount will be initiated for any purpose other than determining the successful candidate for election, and only the votes (including any spoiled or rejected ballots) affecting those candidates whose election may be in doubt, shall be considered

(that is to say, the votes of any candidate or candidates who have been elected, or have failed to be elected by a margin of less than six (6) votes); and

(c) if the length of term of office of any person elected as a director shall incidentally be affected by any such recount, such length of term of office shall be determined by such recount.

4.28 Appointment of Recount Committee – If an official recount is to be held, the chair shall, within seven (7) clear business days after receipt of such written notice requesting an official recount or, if a recount is required under these Rules, within seven (7) clear business days from the date of the posting of the election results, appoint a Recount Committee to be composed of three (3) persons to include not more than one (1) member of the Nominating Committee and two (2) other members in good standing of the credit union (excluding any employee of the credit union or any member elected as a director in the election concerned).

4.29 Duties of Recount Committee – The Recount Committee shall conduct and determine the required recount within fifteen (15) clear business days of the posting of the election results, and the result of its official recount shall be final, conclusive and binding on all persons involved in that election or affected thereby. In conducting such recount, the Recount Committee shall:

- (a) elect a chair;
- (b) notify every candidate concerned of the time, date and place of the recount;
- (c) permit every candidate concerned to attend the recount, either in person or by scrutineer appointed in writing by the candidate to attend on the candidate's behalf;
- (d) in considering the validity of any ballot, be bound by the voting instructions provided for the election concerned by the Nominating Committee;
- (e) in the event of a tie resulting from any such recount, determine the successful candidate, or length of term as the case may be, by lot; and
- (f) submit its final report to the chair forthwith after making its final determination.

4.30 Posting of Recount Results – If, as a result of any such official recount, there is a change in the election results, or any change in the length of term of office of any elected candidate, the fact of such result shall be published by posting the results in each office of the credit union or published electronically, including posting the results on the website of the credit union, as the directors shall determine, in their sole discretion, and such notice shall remain posted until the close of business on the third clear day following the date on which the notice was posted.

4.31 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. If a candidate violates this Rule, the directors may, by resolution, disqualify the candidate and the determination of the directors shall be final, non-appealable and binding. In the event that a violation of this Rule is discovered after the election period, the directors may disqualify that person as a director and the directors' determination shall be final, non-appealable and binding. Any vacancy created by the disqualification of a director may be filled in accordance with the provisions of Rule 4.36.

4.32 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.

4.33 Candidate's Submission – A candidate may submit, by electronic means approved by the Nominating Committee, a photograph of the candidate, a resume and a statement not exceeding, in the aggregate, 100 words, setting forth the candidate's biographical information, occupation, credit union affiliation, experience and qualifications, and reason the candidate wishes to become a director, 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 100 words.

4.34 Statement of Disclosure – Every director shall, forthwith after the director's 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 the director may have.

4.35 Number of Directors – The number of directors of the credit union shall be nine (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.

4.36 Appointment to Fill Vacancy – Subject to Rule 4.39, 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. A member in good standing on the date of appointment, other than a person disqualified by Rule 4.5, shall be eligible for appointment as a director. At the time of appointment, the remaining directors shall determine whether a person so appointed shall hold office until the close of the next annual general meeting or for the unexpired portion of the term which gave rise to the vacancy.

4.37 Number of Directors Less than Quorum – Where the number of directors of the credit union is reduced below the number fixed by, or pursuant to, Rule 4.45 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.

4.38 Number of Directors After Business Acquisition by Asset Transfer – Notwithstanding Rule 4.5(d) or (f), whenever the credit union enters into an agreement to transfer all or substantially all of the assets of another credit union, in accordance with the Act, the directors may appoint as additional directors, persons who were directors of the transferring credit union at the date of the transfer and designate their terms of office but the total number of directors of the credit union following such appointment shall not exceed eleven (11).

4.39 Vacancies After Business Acquisition by Asset Transfer – Where the term of office of a director appointed pursuant to Rule 4.38 has expired or where the position becomes vacant prior to the expiration of the term of office, no vacancy shall be deemed to exist.

4.40 Election of Officers – The directors shall meet within thirty (30) days after each annual general meeting and shall elect from their own numbers a chair and vice-chair and, subject to Rule 4.47, may appoint such additional officers as they consider necessary.

4.41 Frequency of Meetings – The directors shall meet at least nine (9) times in each year and not less frequently than once in each quarter.

4.42 Calling Meetings – The chair may call a meeting of the directors at any time and shall, within fourteen (14) days of receipt of a written request of three (3) directors, call a meeting of the directors.

4.43 Notice of Meetings – Reasonable notice of a meeting of directors specifying the day, hour and, if applicable, place of such meeting shall be given by mail, postage prepaid, addressed to each of the directors at the director's address as it appears on the books of the credit union or by leaving it at the director's usual business or residential address or by telephone or any method of transmitting legibly recorded messages, including by electronic means, to the address provided by the director to the credit union for that purpose. 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 has taken office 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, except where a quorum as set out in Rule 4.45 has not been met.

4.44 Waiver of Notice – A director may waive, in writing, notice of any past or present meeting of the directors.

4.45 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.

4.46 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 4.45.

4.47 Appointment of Other Officers – The directors shall appoint the president, the secretary and the chief executive officer, and may appoint or authorize the appointment of such additional employees as may be required for the proper operation of the credit union.

4.48 Duties of Vice-chair – In the absence of the chair or the chair's 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.

4.49 Rules of Order – Subject to the 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.

4.50 Types of Meetings – A director or a committee member may participate in a meeting of the directors or any committee of the directors by means of telephone or other communications medium where all directors or committee members attending the meeting are able to participate in it, whether by telephone, other communications medium or in person, provided that, in the case of an in person meeting or a partially electronic meeting, a majority of the directors participating in the meeting must be in British Columbia at the time of the meeting. A director or committee member participating in accordance with this Rule shall be deemed to be present at the meeting and shall be counted in a quorum therefore and be entitled to speak and vote thereat.

4.51 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.

4.52 Board Committees– At the first meeting of the directors following each annual general meeting, the directors will appoint or elect such committees as may be required by the Act and the Financial Institutions Act, provided that the composition of such committees shall be consistent with the requirements of the Act and the Financial Institutions Act, as applicable.

4.53 Delegation of Powers – Subject to the 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.

4.54 Terms of Reference – Any committee formed under Rule 4.53 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.

4.55 Committee Proceedings – The meetings and proceedings of any committee 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 4.54. A quorum of a meeting of any committee consists of a majority of the individuals comprising the committee.

4.56 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.

4.57 Indemnification – 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 judgment, 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 the 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 the day, hour and, if applicable, place to be fixed by the directors and shall be convened and held in accordance with the provisions of the Act.

5.2 Other General Meetings – Other general meetings or class meetings may be convened and held in accordance with the provisions of the Act.

5.3 Multiple Locations – The credit union may hold a general meeting, including its annual general meeting, by holding two (2) or more meetings at different times and, if applicable, different places, which meetings together shall constitute a single meeting, if convened and held in accordance with the provisions of the Act.

5.4 Electronic Meetings – The credit union may hold a general meeting in person, by a partially electronic meeting or by a fully electronic meeting, as determined by the directors, if convened and held in accordance with the provisions of the Act. If a general meeting is an electronic meeting, the notice must contain instructions for attending and participating in the meeting by telephone or other communications medium, including, if applicable, instructions for voting at the meeting.

5.5 Rules of Order – Subject to the Act, a general meeting or class 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.

5.6 Quorum –

(1) At a general meeting of the credit union, one-quarter of the members or twenty-five (25) members, whichever is the lesser, shall constitute a quorum, but a lesser number may adjourn from time to time until a quorum is obtained.

(2) At a class meeting of the credit union other than a general meeting of members, one-quarter of the shareholders of the applicable class of shares shall constitute a quorum, but a lesser number may adjourn from time to time until a quorum is obtained.

5.7 Order of Business – So far as is practical, the order of business at an annual general meeting shall be as follows:

1. call to order,
2. ascertainment of quorum,
3. appointment of recording secretary,
4. adoption of agenda,
5. approval of minutes,
6. business arising out of minutes,
7. report of the directors,
8. report of management,
9. presentation of financial statements,
10. report of the auditor,
11. approval of auditor's report,
12. report of other committees,
13. report on election of directors,
14. appointment of auditor,
15. unfinished business,
16. new business,
17. good and welfare,
18. adjournment.

5.8 Ordinary Resolutions – In order for an ordinary resolution or other matter which is proposed by a member of the credit union to be eligible for consideration at an annual general meeting, it must be submitted to the credit union in advance in accordance with the Act at least ninety (90) days before the anniversary date of the last annual general meeting or at least ninety (90) days before the date of the next annual general meeting; provided, however, this Rule 5.8 does not apply to ordinary resolutions or other matters invited by the chair at an annual general meeting.

5.9 Chair – The chair of the directors or that person's designate shall chair general meetings or class meetings of the credit union.

5.10 No Proxy Voting – Neither a member nor an auxiliary member shall vote by proxy.

5.11 Method of Voting – Voting at a general meeting of the credit union will be by show of hands, unless the chair determines to permit voting by a written vote or electronic means and such means are made available.

5.12 Evidence of Eligibility to Vote – Each person desiring to cast a vote on any issue shall, on request, present evidence of age, identity and membership.

5.13 Voting Eligibility – Only a person who is a member in good standing and who is not a junior member may vote at a meeting. A member is entitled to only one vote at a meeting.

5.14 Record Date – The record date for the purpose of:

- (a) determining members entitled to notice of a general meeting; and
- (b) determining members entitled to vote at a general meeting,

in each case, shall be two (2) months preceding the date on which the general meeting is to be held and the membership list of the credit union, for such purposes, shall be closed at 5 p.m. on such date.

5.15 Voting by Non-Individual Members – A member of the credit union who is not an individual or an unincorporated association may be represented and vote at a meeting of the credit union by an individual who:

- (a) is not a member; and
- (b) by written authorization deposited with the credit union, is authorized to vote at the meeting on behalf of the member.

5.16 Voting by Unincorporated Associations – A member of the credit union who is an unincorporated association may be represented and vote at a meeting of the credit union by an individual who:

- (a) is a member of the credit union; and
- (b) by written authorization deposited with the credit union, is authorized to vote at the meeting on behalf of the unincorporated association.

## **RULE #6 - SEAL**

6.1 Seal Required – The credit union shall have a corporate seal.

6.2 Custody of Seal – The directors shall provide for the safe custody of the corporate seal at the registered office of the credit union or such other place as the directors shall determine it shall be kept for safekeeping.

## **RULE #7 – ALTERATIONS**

7.1 Special Resolution Required – Subject to the Act, the credit union may alter its constitution, these Rules or its common bond, by special resolution, from time to time.

7.2 Proposal of Special Resolutions – Special resolutions may be proposed by the directors.

7.3 Voting Eligibility for Special Resolutions – To be eligible to vote on a special resolution, a person must be a member in good standing, other than a junior member. A member may only cast one ballot for a special resolution.

7.4 Voting Methods for Special Resolutions – Voting on special resolutions shall be by one of the following methods, whichever the directors shall determine:

- (a) by mail ballot only;
- (b) by voting in person on five (5) business days at any branch office of the credit union, or by mail ballot upon receipt of a member's written request when so requested at least ten (10) days before the close of balloting; or
- (c) by electronic means, or by mail ballot upon receipt of a member's written request when so requested at least ten (10) days before the close of balloting.

7.5 Notice of Special Resolution – At least twenty-one (21) days before the date specified by the directors for the close of balloting on a special resolution(s) pursuant to Rule 7.4, the credit union shall give to each member eligible to vote, pursuant to Rule 7.3:

(a) a notice containing the special resolution(s) or instructions for accessing the proposed special resolution(s), with supporting information as permitted or required;

(b) if a ballot is to be taken by mail:

- (i) a ballot for each special resolution;
- (ii) a ballot envelope for each special resolution with a single word "ballot" printed thereon;
- (iii) a ballot authentication envelope for each special resolution, which must provide spaces for the name, address, membership number and signature of the member;
- (iv) an envelope addressed to the returning officer and bearing the address of the credit union; and
- (v) clear and precise instructions for casting the ballot(s) and the return thereof, including:

(A) specifying the day by which the ballot must be returned to the credit union in order to be counted; and

(B) specifying that no ballot shall be counted unless that ballot is actually received by the credit union returning officer before the close of business of the credit union on the day specified under Rule 7.5(b)(v)(A);

(c) if a ballot is to be taken by voting in person in a branch office:

(i) clear and precise instructions for accessing and casting the ballot(s) including:

(A) specifying the days on which ballots must be cast in a branch office in order to be counted; and

(B) specifying that no ballot shall be counted unless that ballot is actually cast in a branch office before the close of business of the credit union on the day specified under Rule 7.5(c)(i)(A);

(ii) advice of the right of each member to request in writing, not less than ten (10) days before the close of balloting, a ballot which may be cast by mail instead of being cast at a branch office.

(d) if a ballot is to be taken using electronic means:

(i) clear and precise instructions for accessing and casting the ballot(s) including:

- (A) specifying the day by which the ballot must be cast;
- (B) specifying the day on which voting shall commence; and
- (C) specifying that no ballot shall be counted unless that ballot is actually received by the credit union returning officer before the close of business of the credit union on the day specified under Rule 7.5(d)(i)(A);

(ii) advice of the right of each member to request in writing, not less than ten (10) days before the close of balloting, a ballot which may be cast by mail instead of being cast by electronic means.

7.6 Supervision of Voting on Special Resolutions – The auditor of the credit union and a returning officer (who may, but need not be, a member of the credit union) appointed by the 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.

7.7 Evidence of Eligibility to Vote on Special Resolutions – 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 vote on the special resolution then in progress.

7.8 Counting of Ballots – 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.

7.9 Discretion of Returning Officer to Accept Ballots – 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.

7.10 Results – The auditor shall communicate the results of the vote on a special resolution to the chair of the directors within seven (7) days of the tally of ballots, and the directors shall communicate the results of the vote on the special resolution within sixty (60) days of receiving the results of the vote from the auditor to members, by mail or by such electronic means as the directors may determine, including posting the results of the vote to the credit union's website.

7.11 Accidental Omission – Where notification of a special resolution is received generally by members of the credit union, the omission to give notice to any member or the non-receipt of the notice by any member will not invalidate the vote.

7.12 Filing with Superintendent – The credit union will file with the superintendent every special resolution passed by its members.

7.13 Separate Resolutions - The provisions of these Rules and of the Act relating to notice of and voting on special resolutions shall apply, with the necessary changes and so far as are applicable, to separate resolutions of the holders of any class of equity shares, other than the Class “A” Membership Shares.

## **RULE #8 – FINANCIAL YEAR END**

8.1 Financial Year End – The financial year end of the credit union is December 31.

## **RULE #9 – MISCELLANEOUS**

9.1 Rules Subject to Legislation – These Rules are subject to the provisions of all applicable legislation.

9.2 Electronic Communications – Subject to the Act, the Financial Institutions Act and the Electronic Transactions Act, unless these Rules expressly provide otherwise,

(a) where these Rules require the use of documents that are "written", "in writing" and other similar words, the directors may, in their discretion, permit the use of documents in such electronic means as the directors in their discretion consider desirable in the circumstances, provided that such documents are accessible in a manner useable for subsequent reference;

(b) where these Rules, the Act or the Financial Institutions Act require the notice of, provision or delivery of documents or information, the directors may, in their discretion, permit the provision or delivery of such documents or information in such electronic form and by such electronic means (including, without limitation, making such electronic documents accessible to the intended recipient by an electronic means notified to the intended recipient) as the directors in their discretion consider desirable in the circumstances, provided that such electronic documents are accessible by the recipient in a manner useable for subsequent reference and capable of being retained by the recipient in a manner useable for subsequent reference; and

(c) for the purposes of this Rule 9.2, "document" includes, without limitation, notices, instruments, financial statements, resolutions and ballots.