

North Peace Savings and Credit Union Rules

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**NORTH PEACE SAVINGS AND CREDIT UNION
RULES
May 2, 2017**

1 RULE 1 - INTERPRETATION

1.1 **Definitions** - In these Rules, unless the subject or context requires otherwise:

- (a) “Chair” means the chair of the board of directors of the Credit Union;
- (b) “Credit Union Incorporation Act” means the Credit Union Incorporation Act (British Columbia) and the regulations made under such Act, as in force for the time being and as amended or replaced from time to time;
- (c) “Credit Union” means North Peace Savings and Credit Union;
- (d) “director” means a director of the Credit Union and, except when identified as a capitalized word in these Rules, “directors” means more than one director;
- (e) “Directors” means the board of directors of the Credit Union;
- (f) “Electronic Transactions Act” means the Electronic Transactions Act (British Columbia) and the regulations made under such Act, as in force for the time being and as amended or replaced from time to time;
- (g) “Financial Institutions Act” means the Financial Institutions Act (British Columbia) and the regulations made under such Act, as in force for the time being and as amended or replaced from time to time;
- (h) “Governance Committee” means the committee, appointed by the Directors from time to time, which is charged with providing direction and assistance to the Directors with respect to corporate governance policies, procedures and guidelines;
- (i) “Nominating Committee” means the committee, appointed by the Directors from time to time, which is charged with the conduct of election of directors;
- (j) “special resolution” means a resolution in respect of which notice has been given as required under the Credit Union Incorporation Act and under these Rules, and that is passed by a majority of not less than two-thirds of the votes cast by members who are entitled to vote and who do so by the methods specified by the Credit Union Incorporation Act and under these Rules; and
- (k) “Superintendent” means the individual appointed as the Superintendent of Financial Institutions pursuant to the Financial Institutions Act.

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

2 **RULE 2 - MEMBERSHIP**

2.1 **Application for Membership** - Every application for membership must be submitted on an application in a form approved by the Credit Union and be accompanied by payment in full of the number of Class A Membership Equity Shares required to be held by a member under these Rules.

2.2 **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.

2.3 **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; and

(b) is not more than 90 days delinquent in any obligation to the Credit Union.

2.4 **Junior Members** –

(a) A junior member is not entitled to vote, be a director or be a member of a committee of the Credit Union.

(b) A junior member shall become 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.

3 **RULE 3 - SHARES**

3.1 **Classes of Shares** - The shares of the Credit Union shall be divided into two classes of shares designated as: Class A Membership Equity Shares and Class B Investment Equity Shares.

3.2 **Procedure for Share Redemption** - The Directors may determine the manner by which a person may request redemption of shares.

3.3 **No Guarantee** - Monies invested in Class A Membership Equity Shares and Class B Investment Equity Shares and dividends thereon shall not be guaranteed by the Credit Union Deposit Insurance Corporation of British Columbia.

- 3.4 **Ownership Requirement** - Subject to the Credit Union Incorporation Act and these Rules, shares of the Credit Union may only be subscribed for and purchased by a member of the Credit Union or transferred between members thereof.
- 3.5 **Par Value** - Shares may be assigned to, transferred to, or redeemed or purchased by the Credit Union and any subscription, purchase, transfer, or assignment shall be at par value of \$1.00 each and any redemption shall be at par value of \$1.00 each plus dividends declared but unpaid on the shares.
- 3.6 **Transfer or Assignment** - Shares are not transferable or assignable without a resolution of the Directors, obtained in advance, and 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.
- 3.7 **Membership Share Requirement** -
- (a) As a condition of membership as a member or junior member, a person is required to subscribe for, purchase and fully pay for at least five Class A Membership Equity Shares.
 - (b) At the discretion of the Directors, members may be permitted to purchase and hold Class A Membership Equity Shares in excess of five, but not in excess of 1,000.
- 3.8 **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 1,000 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 25 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 six months of the last such determination; and
 - (e) subject to Rule 3.10, 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.

3.9 Credit Union May Transfer Deposits or Shares to Purchase Membership Shares -

- (a) If, on the expiration of the period of notice described in Rule 3.8, a member is not the owner of the required number of Class A Membership Equity Shares, the Credit Union may apply any money on deposit and interest thereon or invested in other shares of the Credit Union and dividends credited thereon in the name of the member to the purchase of the sufficient Class A Membership Equity Shares in the name of the member so that the member shall own the number of Class A Membership Equity Shares required by Rule 3.8.
- (b) If, on the expiration of the period of notice described in Rule 3.8, a member is not the owner of the required number of Class A Membership Equity Shares and the member has insufficient monies on deposit or invested in other shares of the Credit Union to permit the purchase of sufficient Class A Membership Equity Shares pursuant to Rule 3.9(a), the member shall immediately cease to be a member in accordance with the Credit Union Incorporation Act.

3.10 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 3.8 shall, on the date that person is admitted into membership, subscribe for and purchase the number of Class A Membership Equity Shares required to be owned by a member.

3.11 Number of Class B Investment Equity Shares - A member may subscribe for a minimum of 100 and a maximum of 5,000 Class B Investment Equity Shares.

3.12 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 shares as required by these Rules.

3.13 Register of Members - Shares shall be recorded in the member's name and itemized according to class and a statement of each member's shareholdings shall be prepared at least annually.

3.14 Share Redemption - Subject to the Credit Union Incorporation Act, the Credit Union will redeem shares held by a member upon any of the following conditions:

- (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 Credit Union Incorporation Act and these Rules;

- (b) the member, in the case of an incorporated company, is wound up or dissolved 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 in accordance with the provisions of the Credit Union Incorporation Act;

provided, however, that, without a resolution to the contrary, the Directors shall limit the number of shares of each class redeemed in any one calendar year to 10 per cent of the aggregate amount of each class of shares issued and outstanding as of the previous financial year end.

3.15 **Evidence Required for Redemption** - The Credit Union may require evidence as to the events described in Rule 3.14, before redeeming shares.

3.16 **Dividends** -

- (a) Subject to these Rules and the Credit Union Incorporation Act, 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 or Class B Investment Equity Shares.
- (b) Subject to these Rules and the Credit Union Incorporation Act, the Directors, at their discretion, may set terms and conditions for entitlement to dividends for each class of shares, may declare dividends on any class of shares in such amounts and at such times as from time to time determined, and may declare different rates of dividends for different classes of shares.

3.17 **Participation Programs** - The Directors may develop and offer such participation programs as the Directors deem in the best interest of the Credit Union.

3.18 **Distribution on Wind-Up** – In the event of liquidation, dissolution or winding-up of the Credit Union, or any other distribution of assets of the Credit Union among the holders of its shares for the purposes of winding-up its affairs, whether voluntary or involuntary, each holder of Class A Membership Equity Shares and Class B Investment Equity Shares will be entitled to receive with respect to the shares held by the holder a pro rata share of any surplus or assets remaining to be distributed after payment of all amounts required to be paid under the Credit Union Incorporation Act.

4 RULE 4 – BORROWING, LENDING AND DEPOSITS

- 4.1 **Borrowing Authority** - Subject to the Credit Union Incorporation 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.
- 4.2 **Debt Securities** - Subject to the Credit Union Incorporation Act, if the Directors, pursuant to Rule 4.1, issue debt securities related to shareholdings, regardless of the terms of the contract, the Directors may redeem the obligation of the Credit Union to the member, if the member fails to maintain required membership shareholdings in the Credit Union.
- 4.3 **Directors to Determine Terms of Loans** - Subject to the Credit Union Incorporation Act, the Directors shall determine the terms and conditions of loans as to interest and other charges, terms of repayment, security, and may require an additional number of shares be subscribed for and purchased by the member, in excess of the minimum holdings generally required by these Rules from time to time, and may, by resolution, delegate the power to make loans and to make the determination aforesaid.
- 4.4 **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.
- 4.5 **Deposit Forms** - The Directors may determine the forms by which a person may place monies on deposit and withdraw monies on deposit, and the Directors may, by resolution, delegate the power to make such determinations.

5 RULE 5 - DIRECTORS AND MANAGEMENT

- 5.1 **Director Elections to be Held** - Each year, directors shall be elected to replace those whose terms expire. A director whose term expires is eligible for re-election unless the person has served four consecutive three year terms, subsequent to the date the term limit in this Rule 5.1 comes into effect. A director having completed four consecutive three year terms will be eligible for re-election after a one year period not in office. If an individual is appointed as a director pursuant to Rule 5.30, the time served as a director in that capacity before standing for election shall not be included when calculating the total number of terms the director may serve.
- 5.2 **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 years.
- 5.3 **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 two 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.

5.4 **Eligibility for Election as Director** - A member who has been a member in good standing, continuously, for at least six months prior to the date nominations close, other than a person disqualified by Rule 5.1 or Rule 5.5, shall be eligible for election as a director.

5.5 **Disqualification of Candidates/Directors** - 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 the Credit Union, a subsidiary of the Credit Union or an affiliate of the Credit Union during the five year period prior to the date that nominations for the office of director under these Rules closed;
- (d) is or becomes an employee, officer or director of an organization in a competitive business to the Credit Union including 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 is a person who acts as a mortgage broker or a deposit agent or is a director, officer or an employee of an entity that does so 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 or officer of such organization or entity; or
- (e) is the spouse of any person referred to in Rule 5.5(d);

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.

5.6 **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, disclosing the prescribed information.

5.7 **Removal of Director** - An individual may be removed as a director by a resolution passed by not less than two thirds of the 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 any committee of the Directors to which the director has been appointed or elected; or
 - (iii) more than three meetings of the Directors, or more than three meetings of any committee of the Directors to which the director has been appointed or elected, in any financial year;
- (b) has breached the code of conduct or conflict of interest policy;
- (c) has breached the confidentiality of any proceedings, deliberations or information of the Directors; or
- (d) ceases to be a member in good standing;

as determined by the other directors in accordance with the policies and procedures relating to director review established by the Governance Committee. At least seven days prior to the meeting at which the removal of a director is to be considered, the Chair (or, in the case of the Chair, the vice-chair) 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.

5.8 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. The Nominating Committee will be responsible for:

- (a) determining desired skills, experience and personal attributes of candidates for election as a director, taking into account the background of existing directors and the specific ongoing needs of the Credit Union;
- (b) examining the overall composition of the Directors and determining, with a view to renewal, succession and continuity of the Directors, the strategy and oversight needs of the Credit Union;
- (c) identifying, recruiting and, if considered appropriate by the Nominating Committee, recommending to the membership a candidate(s) for election as a director who meets the criteria established pursuant to Rules 5.8(a) and (b); and

(d) providing general oversight of the conduct of the election of directors.

5.9 **Nominations** - At least 90 days before an annual general meeting, the Nominating Committee shall send a notice to all members, which shall:

(a) notify 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 describing any desired criteria for candidates for election established pursuant to Rules 5.8(a) and (b);

(b) advise 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 35 days prior to the date on which voting 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.

5.10 **Eligibility to Vote** – In order to be eligible to vote in an election of directors, a person must be a member in good standing, other than a junior member, 35 days prior to the day on which voting is to commence.

5.11 **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 he or she:

(a) is willing to stand for election, and if elected, to serve as a director;

(b) will observe the provisions of the Credit Union Incorporation Act and the Financial Institutions Act, as applicable;

(c) if elected, will comply with the directors' conflict of interest and code of conduct guidelines adopted by the Directors, from time to time;

(d) will observe the Rules of the Credit Union and procedures relating to the election and the conduct thereof; and

(e) meets the qualifications to serve as a director under these Rules.

5.12 **Acceptance of Nominations** - The Nominating Committee shall examine each nomination received and determine whether the nomination complies with the Credit Union Incorporation 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 candidates nominated in writing by at least three members in good standing of the age of majority;
- (b) 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;
- (c) request that each candidate meet with the Nominating Committee for the purpose of an interview, within 14 days of the close of nominations; and
- (d) request that each candidate complete the personal information return required to be submitted to the Superintendent pursuant to the Financial Institutions Act.

5.13 **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.

5.14 **Notice of Election to Members** - Where an election is to be held, the Nominating Committee shall forward, 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 5.27;
- (b) if the Nominating Committee chooses to recommend a candidate or candidates, an indication of which candidate or candidates the Nominating Committee recommends and the reasons for its recommendations;
- (c) clear and precise instructions for voting;
- (d) notice of the dates and times during which voting in the election shall take place, which shall be for a minimum of five business days ending not less than 10 days before the next annual general meeting;
- (e) notice of the means by which voting will take place which may include mail ballot, in-branch ballot or electronic means; and
- (f) a list of conditions under which members will be eligible to vote in the election.

5.15 **Method of Voting** – Subject to the Credit Union Incorporation Act, the Financial Institutions Act and the Electronic Transactions Act, voting in an election of directors shall be, at the discretion of the Directors:

- (a) by mail ballot or by ballot at a branch office, whichever method the member chooses;
- (b) by ballot at a branch office; or
- (c) by mail ballot;

and any of the foregoing methods of voting may occur by electronic means if the Directors determine to permit voting by electronic means and such means are made available.

- 5.16 **Appointment of Returning Officer** - The Directors may appoint a returning officer.
- 5.17 **Qualifications of Returning Officer** - A returning officer appointed under Rule 5.16 may, but need not, be a member of the Credit Union but the returning officer shall not be an employee of the Credit Union.
- 5.18 **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.
- 5.19 **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.
- 5.20 **Validity of Ballots** - A ballot must contain votes for the number of persons to be elected and any ballot indicating another intention is void.
- 5.21 **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.
- 5.22 **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 next annual general meeting following 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. If the results of the election are not determined by the close of the annual general meeting, the returning officer or, if there is no returning officer, the Nominating Committee shall announce the results as soon thereafter as the results are determined.

- 5.23 **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 or on the website of the Credit Union as soon as the results of the ballot have been announced and shall remain posted for three clear business days.
- 5.24 **When Directors Take Office** - Subject to the Financial Institutions Act, a person elected as a director shall take office at the close of the next annual general meeting following completion of voting in the 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.
- 5.25 **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.
- 5.26 **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.
- 5.27 **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.
- 5.28 **Statement of Disclosure** - Every director shall, forthwith after 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.
- 5.29 **Number of Directors** - The number of directors of the Credit Union shall be nine, 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.

- 5.30 **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.
- 5.31 **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 5.39 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.
- 5.32 **Number of Directors After Merger** - Notwithstanding Rule 5.5(c) or (d), whenever the Credit Union enters into an agreement to purchase all or substantially all of the assets of another credit union in accordance with the Credit Union Incorporation 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 13.
- 5.33 **Vacancies After Merger** - Where the term of office of a director appointed pursuant to Rule 5.32 has expired or where the position becomes vacant prior to the expiration of the term of office, no vacancy shall be deemed to exist.
- 5.34 **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 5.41, may appoint such additional officers as they consider necessary.
- 5.35 **Frequency of Meetings** - The Directors shall meet at least eight times in each year and not less frequently than once in each quarter.
- 5.36 **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.
- 5.37 **Notice of Meetings** - Reasonable notice of a meeting of the Directors specifying the place (if applicable), 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, email, or any method of transmitting legibly recorded messages. It shall not be necessary to give notice of a meeting of the 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 5.39 is not met.

- 5.38 **Waiver of Notice** - A director may waive, in writing, notice of any past or present meeting of the Directors.
- 5.39 **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.
- 5.40 **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 5.39.
- 5.41 **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.
- 5.42 **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.
- 5.43 **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.
- 5.44 **Meetings by Telecommunications** – Meetings of the Directors will be convened and held in accordance with the provisions of the Credit Union Incorporation Act. 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 to have so agreed and shall be counted in a quorum therefore and be entitled to speak and vote thereat.
- 5.45 **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.

- 5.46 **Statutory 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 Credit Union Incorporation Act and the Financial Institutions Act, provided that the composition of such committees shall be consistent with the requirements of the Credit Union Incorporation Act and the Financial Institutions Act, as applicable.
- 5.47 **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. If the Directors appoint or elect a committee, the committee must consist of not fewer than three individuals.
- 5.48 **Terms of Reference** - Any committee formed under Rule 5.47 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.
- 5.49 **Committee Proceedings** - The meetings and proceedings of any committee consisting of three 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 terms and conditions imposed by the Directors under Rule 5.48.
- 5.50 **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.
- 5.51 **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 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:

- (d) 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 or corporation, as the case may be; and
- (e) 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.

6 RULE 6 - GENERAL MEETINGS

- 6.1 **Date of Annual General Meeting** - The annual general meeting of the Credit Union shall be held on a day, hour and, if applicable, place fixed by the Directors and shall be convened and held in accordance with the provisions of the Credit Union Incorporation Act.
- 6.2 **Other General Meetings** - Other general meetings may be convened and held in accordance with the provisions of the Credit Union Incorporation Act.
- 6.3 **Multiple Locations** - General meetings, including the annual general meeting, may be held at different times and, if applicable, different places, which meetings together will constitute a single meeting, if convened and held in accordance with the provisions of the Credit Union Incorporation Act.
- 6.4 **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 Credit Union Incorporation 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.
- 6.5 **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.
- 6.6 **Class Meetings** - Any meeting of holders of any class of shares may be convened by the Directors and the provisions of these Rules with respect to general meetings will be applicable to such meetings of holders of any class of shares, except as specifically provided in these Rules and unless the subject or context requires otherwise.

6.7 **Quorum** -

- (a) 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.
- (b) At any meeting of holders of any class of shares other than a general meeting of members, 25 members holding the applicable class of shares shall constitute a quorum, but a lesser number may adjourn from time to time until a quorum is obtained.

6.8 **Order of Business** - So far as is practical, the order of business at an annual general meeting shall, at a minimum, be as follows:

- call to order
- ascertainment of quorum
- adoption of agenda
- receipt of minutes of prior year's annual general meeting
- business arising out of minutes
- report of the Directors
- report of Chief Executive Officer
- presentation of financial statements
- report of the auditor
- acceptance of auditor's report
- appointment of auditor
- election results
- unfinished business
- new business
- adjournment

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

6.10 **Who May Vote** -

- (a) Only a person who is a member in good standing at least 35 days prior to the commencement of voting and who is not a junior member may vote on a resolution.
- (b) A member of the Credit Union who is not an individual or who is an unincorporated association may be represented and vote at meetings of the Credit Union by an individual who meets the requirements of the Credit Union Incorporation Act for such purposes.

6.11 **Chair** - The Chair, the vice-chair, or a director designated by the Chair shall chair general meetings of the Credit Union.

6.12 **Manner of Voting** – Subject to the Credit Union Incorporation Act and these Rules, the chair of the meeting shall determine the manner by which voting shall be undertaken at a meeting of the Credit Union.

6.13 **No Proxy Voting** - Neither a member nor an auxiliary member shall vote by proxy.

7 **RULE 7 - SEAL**

7.1 **Seal Optional** - The Credit Union may have a corporate seal.

7.2 **Custody** - If the Credit Union has a corporate seal, the Directors shall provide for its safe custody 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.

8 **RULE 8 - ALTERATION**

8.1 **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.

9 **RULE 8 - FINANCIAL YEAR END**

9.1 **Year-end** - The financial year end of the Credit Union is September 30.

10 **RULE 10 - SPECIAL RESOLUTIONS**

10.1 **Board Proposed** - Special resolutions may be proposed by the Directors.

10.2 **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 35 days prior to the commencement of voting.

10.3 **Method of Voting** – Subject to the Credit Union Incorporation Act, the Financial Institutions Act and the Electronic Transactions Act, voting on any special resolution shall be, at the discretion of the Directors:

(a) by mail ballot or by ballot at a branch office, whichever method the member chooses;

(b) by ballot at a branch office; or

(c) by mail ballot;

and any of the foregoing methods of voting may occur by electronic means if the Directors determine to permit voting by electronic means and such means are made available.

- 10.4 **Supervision of Vote** - The auditor of the Credit Union or 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 auditor or the returning officer, as the case may be, shall be conclusive and binding upon all concerned.
- 10.5 **Notice of Resolution** - At least 18 days before the last day of voting permitted under paragraph (c) of this Rule, the Directors will provide to each eligible member entitled to vote on a special resolution:
- (a) the wording of the proposed special resolution, which may be accompanied by a summary description of the change or action proposed to be made by the special resolution;
 - (b) clear and precise instructions for voting;
 - (c) notice of the dates and times during which voting on the special resolution will take place, which shall be for a minimum of five business days;
 - (d) notice of the means by which voting will take place which may include mail ballot, in-branch ballot or electronic means; and
 - (e) a list of conditions under which members will be eligible to vote on the special resolution.
- 10.6 **Proof of Membership** - The auditor or 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.
- 10.7 **Tally** - The auditor or 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.
- 10.8 **Acceptability of Ballots** - Notwithstanding anything herein contained, the final decision in determining whether a ballot is to be accepted or rejected shall be made by the auditor or returning officer, as the case may be, when the votes are tallied and the decision of the auditor or returning officer is final and not open to question or review.
- 10.9 **Results** - The auditor or returning officer shall communicate the results of the vote on a special resolution to the Chair within seven 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.

10.10 **Filing with Superintendent** - The Credit Union will file with the Superintendent every special resolution passed by its members.

11 **RULE 11 – MISCELLANEOUS**

11.1 **Electronic Communications** - Subject to the Credit Union Incorporation 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 Credit Union Incorporation 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 11.1, “document” includes without limitation notices, instruments, resolutions, ballots and financial statements.

A copy of the Credit Union Rules is available through your branch or online at www.npscua.ca.