

# G&F Financial Group Credit Union Rules

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## 1. DEFINITIONS

- 1.1 In these Rules, the following words or expressions shall have the following meanings:
- a. "Act" means the Credit Union Incorporation Act of British Columbia and the regulations made thereunder as may be amended or replaced from time to time.
  - b. "Acts" mean the Credit Union Incorporation Act, the Financial Institutions Act and (to the extent that it applies to credit unions) the Company Act, all of British Columbia, and regulations respectively made thereunder, all as may be amended or replaced from time to time.
  - c. "Board" means the Board of Directors of the Credit Union.
  - d. "Board Committee" means a committee of the Directors appointed by the Board.
  - e. "Chair" means the chair of the Board.
  - f. "Credit Union" means Gulf and Fraser Fishermen's Credit Union.
  - g. "Director" means a director of the Credit Union.
  - h. "Dormant Account" means an account
    - i. in which there has been no member-initiated activity for twelve (12) months,
    - ii. in respect of which, on three consecutive occasions, mail sent by the Credit Union to the last known address of the account holder has been returned and
    - iii. in respect of which the account holder has not informed the Credit Union in writing of such holder's new address.
  - i. "Dormant Account Member" means a member who is the holder of a Dormant Account.
  - j. "Officer" includes the President, First Vice-President, Second Vice-President, Chief Executive Officer, Chief Financial Officer and Chief Operations Officer of the Credit Union and/or such other persons who may from time to time be so designated by the Credit Union.
  - k. "Electronic" means created, recorded, transmitted or stored in digital or other intangible form by electronic, magnetic or optical means or by any other similar means, including without limitation by telephone calls or messages, facsimile messages, electronic mail, transmission of data or information through automated touch-tone telephone systems, transmission of data or information through computer networks (including without limitation the Internet), and any other similar means;

- l. "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;
  - m. "Ordinary Resolution" means a resolution passed at a general meeting by simple majority of votes cast at such meeting by members who are entitled to vote at such meeting.
  - n. "Returning Officer" subject to Rule 9.7, the role of the Returning Officer is to provide independent oversight and adjudication of the Election process.
  - o. "Superintendent" means the Superintendent of Financial Institutions.
  - p. Website – any reference to G&F's website refers to gffg.com.
- 1.2** A word or expressions defined in any of the Acts shall have the same meaning herein if and to the extent that it is applicable to the Credit Union.
- 1.3** A member of the Credit Union is a member in good standing for the purpose of these Rules if, at the relevant date, such member:
- a. has purchased, paid in full and holds the number of Class "A" Equity Shares required under these Rules either alone or jointly with another person; and
  - b. is not more than ninety (90) days delinquent in the payment of any financial obligation to the Credit Union.
- 1.4** Any index hereto and the headings and sub-headings in these Rules are for ease of reference only and shall not affect the interpretation hereof.

## 2. MEMBERSHIP

- 2.1 Every application for membership in the Credit Union shall be made in writing on an approved application form and accompanied by payment in full of the purchase of Class "A" Membership Equity Shares required under these Rules.
- 2.2 As a condition of admission as a member, a person must subscribe for such number of Class "A" Membership Equity Shares as may from time to time be determined by the Board; but in any event, the minimum number of Class "A" Membership Equity Shares shall be no fewer than five (5).
- 2.3 Subject to Rule 2.2, the Board may determine from time to time that the minimum number of Class "A" Membership Equity shares required to be held in order for an applicant who is a natural person to be admitted as a member shall be different from the minimum number of Class "A" Membership Shares required by an applicant who is not a natural person; and, without limiting the generality of the foregoing, the Board may fix different minimum numbers of Class "A" Membership Equity Shares respectively required by an applicant who is a corporation, partnership, unincorporated association, society, trust or other legal entity.
- 2.4 If at the time these Rules come into force, a share account for Class "A" Membership Equity Shares was a joint account, the persons named in such account may continue to hold the Class "A" Membership Equity Shares jointly in such share account; but only the first person named in such account shall be entitled to vote in respect of such jointly owned Shares.
- 2.5 A member may withdraw from membership and the membership of any person may be terminated in accordance with the Act.
- 2.6 A junior member who holds or acquires the required minimum number of Class "A" Membership Equity Shares, attains the age of majority and provides the Credit Union with evidence thereof shall thereupon become a member.
- 2.7 Subject to the Act and these Rules, the Board may from time to time establish and change policies with respect to the subscription, payment for, holding and ownership in whole or in part of Equity Shares.

### 3. SHARES AND DEPOSITS

- 3.1** On the date these Rules become effective, the shares of the Credit Union will be re-named so that:
- a. the name of all of the Membership Equity Shares is changed to Class "A" Membership Equity Shares;
  - b. the name of all of the Patronage Shares is changed to Class "B" Equity Shares;
  - c. the name of all of the Voluntary Equity Shares is changed to Class "C" Equity Shares; and
  - d. the name of all the Life Insured Non-Equity Share is changed to Class "D" Non-Equity Shares.
- 3.2** The shares of the Credit Union are divided into the said four (4) classes, each consisting of an unlimited number of shares having a par value of \$1.00 each.
- 3.3** Subject to the Acts, Class "A" Equity Shares, Class "B" Equity Shares and Class "C" Equity Shares shall have the following rights and restrictions:
- a. the Credit Union shall not be required in any calendar year to redeem or purchase Equity Shares of any class in excess of ten (10) percent of the aggregate amount of that class issued and outstanding as of the previous financial year;
  - b. where Class "B" Equity Shares or Class "C" Equity Shares are held jointly with the right of survivorship, the Credit Union will not be required to redeem or purchase such Shares until the death of the last remaining joint holder; and
  - c. monies invested in Equity Shares and dividends thereon shall not be guaranteed by the fund administered by the Credit Union Insurance Deposit Corporation.
- 3.4** All jointly held Shares of any class shall carry the right of survivorship unless a contrary statement in writing is given to the Credit Union by all of the holders thereof.
- 3.5** Subject to the Acts, a member or junior member who borrows from the Credit Union may be required to subscribe for and purchase additional Equity Shares of a class or classes as may be determined by the Board from time to time.
- 3.6** Subject to the Acts and these Rules (including Rule 3.3), upon the written request of a member and upon such notice (if any) given in such manner as may from time to time be established by the Board, the Credit Union shall:
- a. redeem or purchase Equity Shares held by a member for their par value plus all dividends declared but unpaid thereon,

- b. pay to the member the amount, if any, paid up on that member's non-Equity Shares together with any dividends declared but unpaid thereon and
- c. subject to completion of the term of any term deposit, pay to the member any amount that the member has on deposit and any accrued interest thereon

upon any of the following events:

- i. upon the death of the member,
- ii. in the case of a corporate member, a member consisting of a partnership, trust, society, other unincorporated association or other entity, upon its dissolution, winding-up or other cessation of its existence,
- iii. upon the termination of such person's membership in the Credit Union; or
- iv. as the Board may from time to time determine.

- 3.7** Dividends and/or patronage refunds and/or bonuses, if any, declared by the Board may be paid in part or in whole in cash and/or by the issuance of shares.
- 3.8** Dividends and/or patronage refunds and/or bonuses, if any, may be declared by the Board at a different rate or rates for different classes of shares and shall be credited, paid or issued at such times and intervals in cash and/or by the issuance of shares as may from time to time be determined by the Board.
- 3.9** No member may transfer, assign, mortgage, pledge or otherwise encumber any of his shares except in favour of the Credit Union. Notwithstanding the foregoing, a member may transfer or assign shares to another member of the Credit Union with the consent of the Board which may be arbitrarily withheld. The Board will not be obliged to disclose its reasons for withholding such consent.
- 3.10** A share certificate shall be in such form as may be required by the Acts and as may be approved from time to time by the Board.
- 3.11** If a share certificate is worn out or defaced, then on production of that certificate to the Credit Union, the certificate shall be cancelled and a new certificate issued in its place.
- 3.12** If a share certificate is lost or stolen and upon proof thereof to the satisfaction of the Board together with such fee as may be determined by the Board and on giving such indemnity in respect thereof as the Board deems adequate, a replacement share certificate shall be issued to the person entitled to it.
- 3.13** A share certificate registered in the names of two (2) or more persons shall be delivered to the person first named on it unless the holders thereof otherwise specify.

- 3.14** A statutory declaration by a Director or Officer 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 stated therein.
- 3.15** If any Rule is inconsistent with the **Securities Transfer Act**, the Rule shall prevail to the maximum extent permitted by law.
- 3.16** The Board may determine procedures and/or forms from time to time required for a person to withdraw monies on deposit or to request a redemption and/or repurchase of shares.
- 3.17** At any time and from time to time after these Rules come into force, the Board may exchange for Class "B" Equity Shares and/or for cash any Class "A" Membership Equity Shares held by a member in excess of the minimum number required to be held by such member. The Board may fix the time or times and manner in which such exchange is affected.



#### **4. BORROWING AND LENDING**

- 4.1** Subject to the Acts, from time to time, the Board may raise and borrow money for the purposes of the Credit Union upon such terms and conditions as to interest, time, repayment and security as the Board may determine.
  
- 4.2** Subject to the Acts, from time to time, the Board shall determine the terms and conditions of loans as to interest and other charges, terms of repayment and security; and by resolution, the Board may delegate the power to make or approve loans and to make such determination.

## 5. DIRECTORS

### SIZE OF THE BOARD

- 5.1** Except as otherwise provided herein, the number of directors shall be determined from time to time by the Board but shall be no fewer than nine (9). On the date these Rules become effective, the number of Directors shall be nine (9) until otherwise determined by the Board. Except as provided in Rule 7, the Board shall not change the number of Directors during the period commencing one hundred and twenty (120) days before the next annual general meeting and ending on the date of such annual general meeting.
- 5.2** Subject to Rule 7 and except where an election is held or an appointment made to fill the unexpired portion of a term of a person who has ceased to be a Director, if there are no more than three (3) Directors to be elected, each Director shall be elected to hold office for three (3) years. If there are more than three (3) Directors to be elected, The Election Committee may determine that the terms of office of those Directors are for different lengths; in which case, the provisions of Rule 5.20 shall apply.
- 5.3** Retiring Directors cease to hold office and newly elected Directors take office at the close of each annual general meeting. An appointed Director takes office on the date of the appointment.

### VACANCY

- 5.4** If a Director ceases to hold office for any reason before the expiration of such Director's term of office, the Board may appoint an eligible person to fill such vacancy. The term of such appointee shall expire on the date of the next annual general meeting.

### QUALIFICATIONS OF DIRECTORS

- 5.5** In order to be eligible to be appointed or to stand for election as a Director, a person must, for at least one (1) year prior to January 1st of the year in which voting in the election will be held:
- have been a member in good standing of the Credit Union; and
  - not have remained in default of any obligation to the Credit Union for seven (7) days after having received notice of such default from the Credit Union.
- 5.6** A person is not eligible to be elected or appointed to the office of director of the Credit Union and, if holding the office of director of the Credit Union, shall immediately vacate the office, if such person:
- is or becomes an employee of the Credit Union or any subsidiary of the Credit Union or if such person was an employee of the Credit Union or any subsidiary of the Credit Union during the current year or the preceding five (5) calendar years;

- b. is or becomes an employee, director, officer or agent of:
  - i. any organization in competition with the Credit Union including a bank, trust company, loan company, savings and loan association, deposit-taking institution, mortgage broker, insurance brokerage and/or insurance agency (other than Pacific Coast Fishermen's Mutual Marine Insurance Company); or
  - ii. another credit union (other than a director of a central credit union or a transferring credit union referred to in Rule 7) or any subsidiary of another credit union except where that person has been requested or authorized in writing by Board to serve as a director, officer or agent;
- c. is a spouse, parent or child of a person referred to in Rule 5.6(a) or (b); or
- d. is or becomes disqualified from being a Director by reason of any of the Acts; or
- e. is disqualified by reason of a resolution passed pursuant to Rules 5.10, 5.38 or 5.39.
- f. has ever been in default under any obligation to the Credit Union and has failed to pay the debt in full together with accrued interest.
- g. has served four (4) consecutive three (3) year terms as a director subsequent to the date these rules come into effect.

**5.7** A person who would be disqualified from becoming or continuing to be a Director by operation of Sub-Rule 5.6(b)(i) and who discloses in writing to the Board that he/she is or would be so disqualified shall not be disqualified by reason of being such an employee, director, officer or agent if the Board consents by resolution to such person becoming or continuing to be a Director.

**5.8** A retiring Director is eligible for re-election provided that such Director is not otherwise disqualified by these Rules.

**5.9** A person who is not eligible to be elected or appointed to the office of director of the Credit Union pursuant to 5.6 (g), shall become eligible for election or appointment January 1<sup>st</sup> of the following calendar year.

#### **REMOVAL AND/OR CENSURE OF A DIRECTOR**

- 5.10** In addition to the manner specified in any of the Acts, a person may be removed as a Director by resolution of the Board passed by no fewer than two-thirds of the remaining Directors if that Director:
- a. has failed without being excused for reasonable circumstances to attend three (3) consecutive meetings of the Board, or
  - b. has breached the Credit Union's Code of Conduct for Directors or Election Guidelines.

In addition and/or in the alternative to a Director's removal from office, the remaining Directors may specify in a resolution passed by no fewer than two-thirds of the remaining Directors that such Director shall be disqualified as a Director for such period as they deem appropriate.

## NOMINATIONS

- 5.11** Every nominee for election or appointment as a Director must file with the Election Committee (in the case of an election) or with the Board (in the case of an appointment) in such form as may from time to time be approved by the Board a written declaration signed by such nominee or appointee that he/she:
- a. is willing to stand for election or appointment (as the case may be);
  - b. will comply with the Election Guidelines;
  - c. will comply with the Credit Union's Code of Conduct and other policies incorporated in writing into the Board Governance Policies;
  - d. will comply with the provisions of the Acts (including, without limitation, the director training required under the Act); and
  - e. will promptly disclose in writing in such form as may from time to time be prescribed by the Board all known conflicts of interest between the nominee/appointee and the Credit Union.

## ELECTION PROCESS

- 5.12** Pursuant to Rule 6.12, the Board will appoint an Election Committee consisting of no fewer than three (3) persons. No Director shall be appointed to the Election Committee whose term expires at the next annual general meeting.
- 5.13** The Election Committee shall be charged with the conduct of the next election including:
- a. establishing Election Guidelines;
  - b. reviewing all materials submitted by candidates and taking reasonable steps to verify the accuracy of the information contained therein;
  - c. reviewing the resumé submitted pursuant to Rule 5.21(a) and excluding therefrom any part or parts which the Election Committee, acting reasonably, deems to be untrue, defamatory or contrary to the best interests of the Credit Union; and
  - d. generally supervising the election process subject to these Rules.

- 5.14** Without limiting the duties or authority of the Election Committee in conducting the election, the Election Committee shall give written notice to all members of the Credit Union that an election of Directors is to take place, specifying the number of positions to be filled and inviting nominations. Such notice shall specify the date on which nominations shall close which shall be no sooner than thirty (30) days from the date of such notice. Such notice may be communicated via various digital and media channels, through printed publications and/or on G&F's website.
- 5.15** The Election Committee shall make reasonable arrangements to make available to all potential candidates an election package containing such information as the Election Committee deems appropriate including the qualifications of Directors and the Election Guidelines.
- 5.16** The nomination of a candidate as Director shall be in such form as may be determined by the Election Committee and shall be accepted by the Election Committee only if signed by no fewer than three (3) members in good standing of the Credit Union.
- 5.17** The Election Committee shall ensure a sufficient number of candidates to fill the vacancies occurring at the next annual general meeting.
- 5.18** The Election Committee will recommend no fewer nominees than the number of vacancies to be filled at the election and will communicate such recommendations to all members entitled to vote in the election.
- 5.19** If the number of nominations validly accepted by the Election Committee from qualified candidates at the close of nominations is equal to the number of vacancies to be filled, those nominees shall be declared elected by acclamation.

#### **DIFFERING TERMS**

- 5.20** If any terms of offices of Directors being filled in any election are for different lengths, the term of each person elected shall be determined by the number of votes received. The person receiving the greatest number of votes shall hold office for the longest term; and the successful candidate receiving the least number of votes shall hold office for the shortest term. In the case of candidates being elected by acclamation, term lengths will be determined by lot.

#### **VOTING PROCESS**

- 5.21** If the number of nominations validly accepted by the Election Committee from qualified candidates as at the close of nominations exceeds the number of positions to be filled and an election is therefore required, the Election Committee shall send to all members of the Credit Union entitled to vote at least thirty (30) days before the next annual general meeting:

  - a. a brief résumé and statement provided by each candidate, not exceeding in total two hundred and fifty (250) words (which résumé and statement shall be subject to scrutiny and editing by the Election Committee pursuant to Rule 5.13) together with

a head and shoulders photograph of the candidate of a size specified by the Election Committee;

- b. notice of the method or methods of voting determined in accordance with Rule 9;
  - c. notice of the last day of voting;
  - d. if the method of voting included voting by mail ballots, notice of the last date by which such ballots must be received by the Credit Union or its returning officer, as the case may be;
  - e. if the method of voting includes voting by ballot at a branch office, notice of the last date by which a member may vote at a branch office;
- 5.22** A member who is not an individual may be represented by and vote by an individual (who may but need not be a member) who is authorized in writing by such member. Such an individual who is a member may vote on their own behalf as well as on behalf of the member they represent.
- 5.23** A ballot may contain votes for a number of persons that is fewer than the number of persons to be elected.
- 5.24** The Election Committee shall arrange for the returning officer to count ballots cast in an election as soon as practicable after the completion of voting in each manner provided in these Rules; and the count shall be conducted so as to retain confidentiality of balloting.
- 5.25** The ballot for the election of Directors shall list the candidates alphabetically.
- 5.26** The Election Committee, returning officer or an independent scrutineer appointed by the Election Committee shall determine whether a ballot is to be accepted or rejected, subject to the rules of the Credit Union, and the determination shall be final.
- 5.27** The Election Committee will not announce or otherwise disclose any results of voting until all voting by all methods has been completed.
- 5.28** The Election Committee shall notify each candidate as to the results of the election promptly after the counting of votes has been completed. Such notice need not be in writing.

## RECOUNTS

- 5.29** If the number of votes received by an elected candidate or candidates who received the least votes in an election is fewer than twenty (20) votes in excess of those received by one (1) or more unelected candidates, the returning officer shall recount the votes.

- 5.30** Any unelected candidate whose losing margin to an elected candidate is no more than twenty (20) votes may demand that the Election Committee require the returning officer to conduct a recount notwithstanding that a recount has been conducted pursuant to Rule 5.29; and the Election Committee shall promptly cause the returning officer to conduct such recount.
- 5.31** A candidate elected for a term of less than three (3) years by reason of having fewer votes than another elected candidate may demand that the Election Committee conduct a recount if the number of votes for such candidate is twenty (20) votes or fewer than the votes for another candidate elected for a longer term.
- 5.32** Any demand for a recount by a candidate pursuant to Rules 5.30 or 5.31 shall be delivered to the Election Committee no later than three (3) business days after the candidate has received notice of the results pursuant to Rule 5.27.
- 5.33** The Election Committee shall extend reasonable efforts to complete all recounts before the annual general meeting.

#### **TIED VOTES**

- 5.34** If there is an election of Directors by acclamation and the vacancies being filled are for different terms, then the terms of those elected shall be determined by lot by the Election Committee.
- 5.35** If there is an election of Directors and the vacancies to be filled are for different terms and if after a recount (if any) pursuant to Rule 5.31, there is or remains a tied vote for two (2) or more persons elected with the fewest votes, then the terms of those elected shall be determined by lot by the Election Committee.

#### **MISCONDUCT OF CANDIDATE**

- 5.36** If, in the course of an election, the Election Committee ascertains that a candidate or person representing a candidate has contravened the Election Guidelines, the Election Committee will contact the candidate and demand that the contravention cease. If the candidate fails to comply with such demand, the Election Committee may make a determination as to whether the candidate should be disqualified. The candidate shall be given at least three (3) days written notice of the proposed disqualification, together with a summary of the conduct on the part of the candidate (or the candidate's representative) giving rise to the proposed disqualification; and the candidate will have three (3) days to provide a written response to the conduct allegations. The Election Committee may thereupon address the issue of the candidate's disqualification as it deems appropriate, and in particular, the Election Committee may:
- a. reject the alleged grounds for disqualification; or
  - b. conclude that the alleged grounds are not so serious as to warrant disqualification but impose such conditions on the continued candidacy as it deems appropriate (including but not limited to requiring the candidate to provide a written undertaking); or

- c. conclude that the alleged grounds are sufficiently serious to warrant disqualification and to accordingly declare that the candidate is disqualified in the current election.

The Election Committee's decision shall be communicated to the candidate promptly.

- 5.37** If the Election Committee ascertains after the conclusion of an election that an elected candidate contravened the Election Guidelines, the Election Committee may refer the issue to the Board to make a determination as to removal and/or disqualification pursuant to Rule 5.10.
- 5.38** If the Election Committee ascertains after the conclusion of an election that a candidate who was not elected contravened the Election Guidelines, the Election Committee may refer the issue to the Board to make a determination as to whether such unelected candidate should be disqualified from seeking election as a Director in future elections. Such unelected candidate shall be given at least three (3) days written notice of the proposed disqualification together with a summary of the conduct on the part of the candidate (or the candidate's representative) giving rise to the proposed disqualification; and the candidate will have three (3) days to provide a written response to the conduct allegations. The Board may thereupon address the issue of the candidate's disqualification as it deems appropriate, and in particular, the Board may:
  - a. reject the allegation that the Election Guidelines were contravened; or
  - b. conclude that the contravention was not so serious as to warrant future disqualification but impose such conditions on any future candidacy as it deems appropriate (including but not limited to requiring the candidate to provide a written undertaking); or
  - c. conclude that the contravention was sufficiently serious to warrant disqualification and to accordingly declare that the unelected candidate is disqualified in any one (1) or more future elections.
- 5.39** If the Election Committee resolves that a member's nomination information is false, incomplete or misleading in any material respect or that the candidacy is frivolous, vexatious or for the purpose of harming the Credit Union, the Election Committee may reject the member's candidacy.

## ANNOUNCEMENT

- 5.40** The Chair of the Election Committee shall announce the results of the election of Directors at the annual general meeting. If any recount is still outstanding, the results will be announced as soon after the recount has been completed as may be reasonably practicable and communicated via various digital and media channels, through printed publications and/or on G&F's website.
- 5.41** Notice of the election or appointment of a Director shall be filed with the Superintendent within fourteen (14) days of the election or appointment.



## 6. BOARD AND COMMITTEE MEETINGS

### BOARD

- 6.1 Within thirty (30) days after each annual general meeting, the Board shall elect from their number such officers as they may from time to time determine as constituting the Executive. Unless and until otherwise determined by the Board, such officers shall consist of a Chair, first Vice-Chair and Second Vice-Chair. In the event of a tied vote for any such appointment, the election shall be determined by lot.
- 6.2 The Board may appoint and employ a Chief Executive Officer and such other Officers as they may from time to time deem appropriate; and the Board shall employ or authorize the employment of such employees as the Board may from time to time deem appropriate.
- 6.3 The Board will meet at least four (4) times in each year and not less frequently than once in each quarter.
- 6.4 The Chair may call a meeting of the Board at any time and will within fourteen (14) days of receipt of a written request of three (3) Directors call a meeting of the Board.
- 6.5 At least one (1) day's notice will be given of meetings of the Board by personal delivery, mail, email, fax, telephone or other electronic means but notice of a meeting may be waived by a Director.
- 6.6 A majority of the Directors will constitute a quorum of meetings of the Board but a lesser number may adjourn such a meeting from time to time until a quorum is obtained. Despite the foregoing, at a meeting of the Directors considering a resolution in respect of which any one or more Directors is precluded from voting including but not limited to resolutions pursuant to Rule 5.10, those Directors precluded from voting shall be deemed to be present for purposes of determining whether a quorum is present.
- 6.7 A Director who is directly or indirectly interested in a proposed contract or transaction with the Credit Union and who leaves a meeting of the Board in respect of the vote thereon shall be counted as present at the meeting for purposes of the quorum.
- 6.8 The Chair will preside at each meeting of the Board.
- 6.9 If and for as long as the Chair is unavailable or otherwise unable to perform the duties of the Chair, such duties shall be assumed by the First Vice-Chair. If neither the Chair nor the First Vice-Chair is available for a meeting of the Board, such duties shall be assumed by the Second Vice-Chair.

- 6.10** A meeting of the Board may be conducted by telephone or using such other communication facilities or media that permit all participants to hear each other and each Director who participates in such a meeting will be counted as present at such meeting.
- 6.11** A resolution of the Board may be passed without a meeting if all of the Directors consent in writing to such resolution. Such a resolution may be signed in counterparts and may be delivered to the Credit Union by facsimile or electronic means.

#### **BOARD COMMITTEES**

- 6.12** At the first meeting of the Board after an annual general meeting, and in any event no later than thirty (30) days after the annual general meeting, the Board shall appoint or elect such Board Committees as may be required by any of the Acts or these Rules (including but not limited to the Election Committee pursuant to Rule 5.12).
- 6.13** The Board may at any time and from time to time appoint or elect such other standing and/or *ad hoc* Board Committees as the Board may consider appropriate with such terms of reference as the Board may from time to time specify.
- 6.14** The Board may appoint a person who is not a Director to a Board Committee except as otherwise required by any of the Acts. The Board may make such appointment subject to such terms and conditions as the Board may deem appropriate.
- 6.15** At the first meeting of a Board Committee, the members shall appoint one (1) of their number to be the Chair of such Board Committee.
- 6.16** Rules 6.8 - 6.11 inclusive shall apply with the necessary changes to meetings of a Board Committee.

#### **INDEMNITY**

- 6.17** Subject to the Acts, the Credit Union shall promptly indemnify:
  - a. each Director and Officer,
  - b. each former Director and former Officer 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 whose issued shares are owned by the Credit Union  
  
(each of the persons in (a), (b) and (c) being called "Indemnified Director" for purposes of this Rule 6.17) against all costs, charges, and expenses including an amount paid to defend and/or settle any action or to satisfy any judgment suffered or sustained by the Indemnified Director for any civil, criminal and/or administrative action or proceeding to which the Indemnified Director is made a party by reason of having been or served as an Indemnified Director if:
    - i. the Indemnified Director acted honestly and in good faith with a view to the best interests of the Credit Union, and
    - ii. in the case of a criminal or administrative action or proceeding that is enforced by monetary penalty, the Indemnified Director has reasonable grounds for believing that his/her conduct was lawful.
- 6.18** If it is proposed to present a resolution at a meeting of the Directors to remove or censure a Director pursuant to Rule 5.10, the Director will be given a reasonable opportunity to attend such meeting and to respond to allegations of misconduct and/or other grounds for such removal and/or censure.

## 7. BOARD UPON MERGER

- 7.1** Notwithstanding Rule 5, if and whenever the Credit Union enters into an asset transfer agreement to purchase all or substantially all of the assets of another credit union (the "transferring credit union") in accordance with the Act, the Board may:
- a. appoint as additional Directors of the Credit Union any or all of the persons who were directors of the transferring credit union at the effective date of the asset transfer; and
  - b. designate the term of office of each person thus appointed as a Director.
- 7.2** When the term of office of a person appointed as a Director pursuant to Rule 7.1 expires or in the event of such person otherwise ceasing to be a Director, no vacancy shall be deemed to exist in the Board and the number of Directors shall be deemed to have been reduced accordingly.
- 7.3** Notwithstanding Rule 7.2, the Board may determine that when the term of office of a person appointed to be a Director pursuant to Rule 7.1 or Rule 7.4 is to expire at the next annual general meeting, the size of the Board shall not be reduced. In such event, the position of Director to be thus vacated shall be filled by way of election pursuant to Rule 5 at the next annual general meeting. Such determination shall be made by the Board no later than one hundred and twenty (120) days before the next annual general meeting; and failing such determination, the number of Directors shall be deemed to be reduced.
- 7.4** Notwithstanding Rule 7.2, if a Director appointed pursuant to Rule 7.1 ceases to be a Director before the expiry of the term of such office, the Board may appoint an eligible person to fill such vacancy. The term of such appointee shall expire on the date of the next annual general meeting.
- 7.5** When the term of office of a person appointed as a Director pursuant to Rule 7.1 expires or in the event of such person otherwise ceasing to be a Director, such person shall be eligible as a candidate for election or appointment to fill any other vacancy in the Board provided that such person is not otherwise disqualified by these Rules from being a Director.

## 8. GENERAL AND CLASS MEETINGS

- 8.1 The annual general meeting of the Credit Union will be held on a date fixed by the Board and will be convened and conducted in accordance with the Acts.
- 8.2 Other general meetings may be convened by the Board and held in accordance with the Acts.
- 8.3 Any meeting of the holders of any class of shares may be convened by the Board and conducted in accordance with the Acts; and the provisions of this Rule with respect to the conduct of a general meeting shall apply with the necessary changes to a meeting of the holders of a class of shares.
- 8.4 Notice of a general meeting shall specify the date, time and place of the meeting and a brief description of the business to be conducted.
- 8.5 The accidental omission to give notice of a general meeting to a member or the non-receipt of such notice by a member will not invalidate such meeting nor any resolution passed or proceedings taken at such meeting. The accidental omission to send a ballot to a member or the non-receipt of a ballot by a member will not invalidate an election of Directors.
- 8.6 The Credit Union need not send notice of any meeting nor other documents to a Dormant Account Member.
- 8.7 At a general meeting of the Credit Union, fifty (50) members shall constitute a quorum but a lesser number may adjourn the meeting from time to time until a quorum is obtained. A quorum at a meeting of the holders of a class of shares other than Class "A" Membership Equity Shares shall be the lesser of: twenty (20) members holding shares of the class; or members holding ten (10) percent of all of the issued shares of such class.
- 8.8 The Chair shall preside at each general meeting and each meeting of the holders of a class of shares; but if and for as long as the Chair is unavailable, the First Vice-Chair shall preside at such meeting.
- 8.9 As far as may be practicable, the order of business of an annual general meeting shall be:
  - a. Call to order
  - b. Ascertainment of quorum,
  - c. Appointment of recording secretary and of parliamentarian,
  - d. Adoption of agenda,
  - e. Approval of minutes,

- f. Business arising out of minutes,
  - g. Report of the Directors,
  - h. Report of management,
  - i. Presentation of financial statements,
  - j. Report of the auditor,
  - k. Approval of auditor's report,
  - l. Report of other committees,
  - m. Elections,
  - n. Appointment of auditor,
  - o. Unfinished business,
  - p. New business,
  - q. Good and welfare,
  - r. Adjournment
- 8.10** The conduct of a general meeting and a meeting of the holders of a class of shares shall be at the discretion of the chair of the meeting acting reasonably; and *Robert's Rules of Order* shall not apply. Unless otherwise determined by ordinary resolution at the meeting, the following procedural rules shall apply:
- a. members wishing to address the meeting shall give their names;
  - b. only members are entitled to participate in debate;
  - c. a non-member may address the meeting only if permitted by the Chair;
  - d. speakers shall be limited to one speech not exceeding three (3) minutes on each subject; and
  - e. a debate must be relevant to the question before the meeting or it will be ruled out of order.

- 8.11** In order for an ordinary resolution to be eligible for consideration by members at a general meeting, it must be submitted to the Board for review and consideration at least ninety (90) days before the general meeting; and the Board, in its discretion, may determine whether the ordinary resolution will be submitted to the members for consideration at such general meeting. This Rule 8.11 does not apply to ordinary resolutions invited by the Chair at a general meeting.
- 8.12** Subject to Rule 9, voting at a meeting shall be by show of hands; and, unless a count is demanded, the declaration by the chair of the meeting that a resolution has been passed or defeated, as the case may be, shall be conclusive evidence of the fact.
- 8.13** Except as provided in Rule 9, if a count is demanded with respect to any matter voted upon at a meeting, the Chair may appoint one (1) or more scrutineers to conduct the count; and, if so appointed, the report of such scrutineers as to the votes shall be conclusive evidence of the fact.

## 9. VOTING

- 9.1** Subject to the *Credit Union Incorporation Act*, the *Financial Institutions Act* and the *Electronic Transactions Act*, at least ninety (90) days before any general meeting at which Directors are to be elected or a special resolution presented, the Election Committee shall select the method of voting. The Election Committee may select a method of voting for Directors which is different from the method of voting on a special resolution. The Election Committee may determine that voting may be by mail, electronic or any other method or combination as determined by the Election Committee in its sole discretion.
- 9.2** If the Election Committee fails to specify the method of voting pursuant to Rule 9.1, it shall be deemed to have selected the method to be by mail or electronically as the member may have chosen.
- 9.3** At a general meeting at which Directors are to be elected or a special resolution is to be voted upon, the membership list of the Credit Union shall be closed:
- a. as at December 31 of the previous calendar year in the case of an annual general meeting; and
  - b. in the case of general meetings other than annual general meetings, a date fixed by the Board and being no more than sixty (60) days before the first day on which votes may be cast.
- 9.4** At a general meeting at which a special resolution is to be voted upon or at which any other matter is to be voted upon, the Election Committee shall send to all members of the Credit Union entitled to vote at least thirty (30) days before the next annual general meeting:
- a. notice of the method or methods of voting determined in accordance with this Rule 9;
  - b. notice of the last day of voting;
  - c. if the method of voting includes voting by mail ballots, notice of the last date by which such ballots must be received by the Credit Union or its returning officer, as the case may be;
  - d. if the method of voting includes voting by ballot at a branch office, notice of the last date by which a member may vote at a branch office; and
  - e. if the method of voting includes voting by mail ballot, a ballot for each matter to be voted upon.
- 9.5** Where a member has submitted an electronic and paper ballot, the electronic ballot shall take priority.



- 9.6** Voting at a general meeting or a meeting of the holders of a class of shares on matters other than an election of Directors or a special resolution will be by show of hands unless the Election Committee determines to permit voting by electronic means and such means are available.
- 9.7** Unless otherwise determined by the Election Committee (in the case of the election of Directors) or by the Board (in all other cases), the returning officer shall be the Credit Union's auditor.
- 9.8** Subject to Rule 5.22, no member may vote by proxy.
- 9.9** Notwithstanding Rule 9.8, in the case of a vote at a meeting of the holders of a class of shares other than Class "A" Membership Equity Shares, a member holding such shares may vote by proxy.
- 9.10** For the purpose of a separate resolution pursuant under s. 58(1) of the Act of the holders of a class of Equity shares, each member has one (1) vote in respect of each share held by such member.
- 9.11** The provisions of this Rule 9 shall apply with the necessary changes to a meeting of the holders of a class of shares other than Class "A" Membership Equity Shares.

## 10. SEAL

- 10.1 The Credit Union may have a corporate seal and the Board may authorize one (1) or more duplicates thereof for use by the Credit Union.
- 10.2 The Board will provide for the use and safe custody of the corporate seal at the registered office of the Credit Union or at such other place as the Board may from time to time determine.
- 10.3 From time to time, the Board will determine those persons authorized to execute documents and in whose presence the corporate seal may be affixed.
- 10.4 Without limiting the authority of the Board to authorize and provide for the use and affixing of the seal, the seal may be affixed to any instrument in the presence of any two (2) Directors or Officers.
- 10.5 Unless and until otherwise determined by the Board, if a discharge of security is required to be executed under seal, such discharge may be executed and the seal affixed by an Officer.

## 11. MISCELLANEOUS

- 11.1** Subject to the Acts, the Credit Union may from time to time amend, alter or add to these Rules by special resolution.
- 11.2** When any resolution is proposed to be submitted for approval by the members and such resolution refers to an agreement or other lengthy document, the Board may determine not to send a copy of such document to each member but may instead:
- a. specify in the notice of such resolution to the members that the document may be inspected at any Branch of the Credit Union, and
  - b. make copies of such document available for inspection at each Branch of the Credit Union.
- 11.3** Subject to the Acts and to the fullest extent permitted by law from time to time, any books, records, documents or registers (including the register of members) required to be maintained by the Credit Union may be maintained in electronic form.
- 11.4** Subject to the Acts and to the fullest extent permitted by law from time to time, any notice (including a notice of meeting), circular, report, statement, ballot or other document required by any of the Acts, these Rules and/or otherwise to be sent or delivered to a member (or members) by the Credit Union or which the Credit Union wishes to send to a member (or members) or to the holders of a class of shares of the Credit Union may be sent or delivered in electronic form and, in particular, may be attached to the member's monthly statement. A notice, circular, report, statement, ballot and other document thus attached to a member's electronic monthly statement shall be deemed to have been received by the member thirty (30) days after the first day upon which the member may first access such monthly statement.
- 11.5** If and when lawfully permitted by any of the Acts or otherwise, whenever the Credit Union is required to issue a share certificate, it may be issued in electronic form.