

REVELSTOKE CREDIT UNION RULES

DEFINITIONS

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

- (a) “chair” means chair of the directors;
- (b) “credit union” means Revelstoke Credit Union;
- (c) *Credit Union Incorporation Act* means the *Credit Union Incorporation Act* of British Columbia from time to time in force and all amendments thereto and regulations made pursuant thereto;
- (d) *Business Corporations Act* means the *Business Corporations Act* of British Columbia (formerly the *Company Act*) from time to time in force and all amendments thereto and regulations made pursuant thereto;
- (e) “director” means a director of the credit union for the time being;
- (f) “directors”, unless the context otherwise requires, means the board of directors of the credit union;
- (g) “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;
- (h) “*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;
- (i) “e-voting” means a method of receiving or casting a ballot by electronic means, or other method of voting by electronic means, that is established by the board in accordance with Rule 10.1;
- (j) *Financial Institutions Act* means the *Financial Institutions Act* of British Columbia from time to time in force and all amendments thereto and regulations made pursuant thereto;

The meaning of any words or phrases defined in the *Credit Union Incorporation Act*, the *Financial Institutions Act*, and, to the extent that it relates to the credit union, the *Business Corporations Act* shall, if not inconsistent with the subject or context, have the same meaning in these Rules.

RULE 1 - MEMBERSHIP

- 1.1 **Application for Membership** - Every application for membership shall be in writing and shall be accompanied by payment in full of the number of Class "A" Membership Equity Shares required to be held by a member on the date of application for membership.
- 1.2 **Withdrawal or Termination of Membership** - A member may withdraw from membership, and the membership of any person may be terminated, in accordance with the *Credit Union Incorporation Act*.
- 1.3 **Member in Good Standing** - A member in good standing is a member, including a junior member, who at the date on which good standing is determined:
 - (a) has purchased, paid for and holds the number of Class "A" Membership Equity Shares required by these Rules; and
 - (b) is not more than 90 days delinquent in any obligation to the credit union.
- 1.4 **Policies for Purchase, Payment, Redemption, and Ownership of Shares** - Subject to the provisions of the *Credit Union Incorporation Act* that specify the minimum number of membership shares for which a member must subscribe and pay, the directors may establish policies to waive or delay purchase, payment, redemption, and ownership in whole or in part of equity shares as required by these Rules.

RULE 2 - SHARES AND DEPOSITS

- 2.1 **Interest on Deposits and Distributions** - Interest on deposits, dividends on shares, patronage refunds and other distributions of earnings, in the absence of an express contract or agreement, shall be paid or credited at times, intervals, and in a manner determined by the directors and the directors may delegate the power to make such determinations to the CEO. (See 4.45)
- 2.2 **Classes of Shares :**
 - Class "A" Membership Equity Shares
 - Class "B" Investment Equity Shares
 - Class "D" Non Equity Shares

Par Value: All shares shall have a par value of \$1.00 each. Any redemption or purchase of any Class of Shares shall be at par value plus any dividends declared but unpaid thereon.

Redemption of Shares: The Credit Union may, by resolution of the directors, redeem or purchase any of its shares plus dividends, subject to the special rights and restrictions attached to the class of share. (See 4.45)

Dividends: Dividends on shares, in the absence of an express contract or agreement, shall be paid or credited at rates, times, intervals and in a manner determined by the Directors. Varying rates of Dividends may be paid on different classes of shares.

- 2.3 **Credit Union May Set Minimum and Maximum Number of Shares to be Held -** Subject to the *Credit Union Incorporation Act* and these Rules, the directors may from time to time, by resolution, determine the minimum and maximum number of shares, of any class or in total, in the credit union permitted to be purchased and held by any member and all terms and conditions attaching to any application for shares in the credit union including the maximum number of applications permitted by a member and the minimum or maximum number of shares required for each application.

Class "A" Membership Equity Shares will not be issued in amounts less than 5 nor more than 1,000 to any one member. Class "B" Investment Equity Shares will be limited to 5 minimum and 2,000 maximum to any one member. Classes "B" and "D" will have no mandatory purchase.

- 2.4 **Membership Share Requirements -** Each member of the credit union, at the time this Rule comes into force, shall subscribe, fully pay for, and hold the following number of Class "A" Membership Equity Shares:

- (a) except as provided below, each member - 5 shares;
- (b) each junior member - 5 shares;
- (c) each member which is an incorporated company - 5 shares;
- (d) each member which is a legal entity, other than an incorporated company, created by or pursuant to statute - 5 shares;
- (e) if shares are jointly held, 5 shares per member.

- 2.5 **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 1000 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 100 Class “A” Membership Equity Shares;
 - (c) a determination by the directors pursuant to this Rule may be made no more frequently than once per financial year;
 - (d) a subsequent determination by the directors shall not be made to have effect within 6 months of the last such determination; and
 - (e) subject to Rule 2.6, a determination by the directors pursuant to this Rule shall not be effective until the expiration of not less than 90 days after notice of a determination is deemed to have been received by the members.
- 2.6 Credit Union May Transfer Deposits or Shares to Purchase Membership Shares -** If, on the expiration of not less than 30 days after the deemed receipt of the notice described in Rule 2.5, a member does not hold the required Class “A” Membership Equity Shares, the credit union may apply any money on deposit and interest thereon or invested in Class “B” Equity Shares, Class “D” Non-Equity Shares, and dividends credited thereon in the name of the member to the purchase of sufficient Class “A” Membership Equity Shares in the name of the member so that the member shall hold the number of Class “A” Membership Equity Shares required by Rule 2.4 or Rule 2.5.
- 2.7 Termination of Membership for Insufficient Share Holdings -** If, on the expiration of the period of notice described in Rule 2.5, a member does not hold the required number of Class “A” Membership Equity Shares and the member has insufficient monies on deposit or invested in Class “B” Equity Shares, and Class “D” Non-Equity Shares to permit the purchase of sufficient Class “A” Membership Equity Shares pursuant to Rule 2.6, the directors may terminate that member’s membership unless the membership shall terminate in accordance with the *Credit Union Incorporation Act*.
- 2.8 Method of Notice -** Without precluding any other method of giving notice, a notice under Rule 2.5 sent by post, addressed to the member at the member’s address shown on the register of members shall be deemed to have been received on the 5th day, Saturdays and holidays excepted, following the date of mailing.
- 2.9 Junior Members -**
- (a) A junior member becomes a member with full membership rights and obligations on attaining the age of majority, provided that such member then holds the number of Class “A” Membership Equity Shares required to be held by a member of the age of majority.
 - (b) If, on the 30th day following the day on which a junior member attains the full age of majority, that member does not own the number of shares

referred to in Rule 2.9(a), the Rules 2.7 and 2.8 shall apply, except that no notice shall be required.

2.10 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 2.5(e) shall, as a condition of membership, subscribe and fully pay for the number of Class "A" Membership Equity Shares required to be held by a member pursuant to Rule 2.4.

2.11 Joint Ownership -

- (a) Equity shares may be held jointly, but nothing in this Rule diminishes the number of Class "A" Membership Equity Shares that a member must hold.
- (b) All jointly held equity shares shall carry the right of survivorship unless a contrary statement, in writing, is given at the time of subscription and signed by all parties jointly holding the shares.
- (c) The credit union shall not be required to redeem any equity share that is jointly held, until the death of the last joint holder.

2.12 Share Certificates - Where required by applicable legislation, the credit union shall issue share certificates for equity shares, each of which shall state on its face the words "NOT GUARANTEED BY THE CREDIT UNION DEPOSIT INSURANCE CORPORATION".

2.13 Transfer Subject to Resolution of Directors - No equity shares shall be transferred without the previous consent of the directors expressed by a resolution of the directors, and the directors shall not be required to give any reason for refusing to consent to any such proposed transfer. The directors may delegate the power to make such determination to the CEO. (See 4.45)

2.14 Effective Date of Transfer - No transfer of shares is effective until the Record of Share Holdings maintained by the Credit Union is completed, indicating the transfer.

2.15 Transfer Registration - Shares shall be recorded in the Member's name and a statement of Share holdings shall be provided to each Member regarding that Member's Share at least once in each fiscal year of the Credit Union.

2.16 Class B Equity Shares - Special Rights and Restrictions -

Subject to the Act and upon the express written consent of the Member,

1. Equity Shares held by a Member may be redeemed upon any of the following conditions:

- a) the Member, in the case of an individual, dies;

- b) the Member, in the case of an individual, becomes age 60;
 - c) the Member, in the case of an incorporated company, is wound up in accordance with the applicable legislation;
 - d) the Member, in any other case, ceases to be a legal entity according to the legislation that created it;
 - e) the Membership of the Member is terminated;
 - f) a Junior Member at any time prior to attaining majority;
 - g) the Member takes up permanent residence in a locality that is over a 50 kilometre radius from Revelstoke;
 - h) dividends on Class "A" Membership Shares or Class "B" Investment Shares may be withdrawn on the Member's request at any time within 12 months of that dividend being lawfully declared;
 - i) as the Directors, in their discretion, resolve.
2. Notwithstanding anything in Rule 2.16 (1.) a), where Members hold Equity Shares jointly with the Right of Survivorship, the Credit Union shall not be required to redeem the Equity Shares until the death of the last remaining joint holder, however, the Directors may, at their discretion, allow redemption or transfer of part or all Equity Shares to another or new account of the surviving member.
 3. The Credit Union may require evidence of the events described in Rule 2.16 before redeeming Equity Shares.
 4. Notwithstanding the above, the Directors may limit the amount of Equity Shares redeemed in any one fiscal year of the Credit Union to ten percent (10%) of the total amount of Equity shares issued and outstanding as of the previous financial year-end. This aggregate amount shall not apply to redemptions as a result of the death or termination of the Member, or redemptions of a Junior Member. (See 4.45)

RULE 3 - BORROWING AND LENDING

- 3.1 **Directors May Borrow** - Subject to the *Credit Union Incorporation Act*, *Financial Institutions Act*, and the *Business Corporations Act*, the directors of the credit

union may raise and borrow money for the purposes of the credit union upon such terms and conditions as to interest, terms of repayment, and security as they determine by resolution.

- 3.2 **Directors Shall Determine Terms of Loans** - Subject to the *Credit Union Incorporation Act*, *Financial Institutions Act*, and the *Business Corporations Act*, the directors shall determine the terms and conditions of loans as to interest and other charges, terms of repayment and security, and may require that a number of equity shares be subscribed for and purchased by a member as a condition of a loan to that member and may, by resolution, delegate the power to make loans and to make the determination aforesaid to the CEO. (See 4.45)
- 3.3 The Directors shall establish rates of interest, frequency of payment on deposits and deposit instruments and may, by resolution, delegate the power to make such determinations to the CEO. (See 4.45)

RULE 4 - DIRECTORS AND MANAGEMENT

- 4.1 **Director Elections to be Held** - Each year, directors shall be elected to replace those whose terms expire and a director whose term expires is eligible for re-election.
- 4.2 **Term of Office** - Except in an election to fill the unexpired portion of a term, Directors shall hold office for 3 years.
- 4.3 **Varying Terms** - Where the offices of directors to be filled at an election are for varying terms, the term of each director elected shall be determined in proportion to the number of votes received, with the individual receiving the greatest number of votes to hold office for the longest term. If two (2) or more candidates receive equal votes, the Nominations & Elections Committee shall determine their term of office by lot. If there is an election by acclamation, the respective terms of the persons so elected shall be decided by lot by the Nominations & Elections Committee, if necessary.
- 4.4 **Number of Directors** - The number of directors shall be nine, except if a vacancy occurs, or there is an insufficient number of qualified candidates nominated.
- 4.5 **Ties** - If two or more persons receive the same number of votes in an election of directors and if that number of votes is the lowest number that would elect a director in that election, then a recount of votes shall be conducted. If, after a recount of the votes cast, a tie remains:
- (a) the candidate for director who has been recommended by the Nominations & Elections Committee shall be elected; or

- (b) if both or neither candidate has been recommended by the Nominating Committee, then the elected candidate will be determined by lot, prior to the Annual General Meeting.
- 4.6 **Eligibility for Election as Director** - A member in good standing as defined by Rule 1.3 on the date nominations close, other than a person disqualified by Rule 4.7, shall be eligible for election as a director.
- 4.7 **Disqualification of Candidates and/ or Board Members** - No person shall be eligible to become or continue as a director if the person:
- (a) is a person disqualified from becoming or acting as a director pursuant to the *Business Corporations Act*, the *Financial Institutions Act* or the *Credit Union Incorporation Act*;
 - (b) resigns in writing unless again appointed or elected in accordance with these Rules;
 - (c) is or becomes a paid employee of the credit union or an affiliate of the credit union or is the spouse, child, step-child, or sibling of a paid employee, agent officer or director of the credit union or an affiliate of the credit union;
 - (d) was an employee of a credit union or an affiliate of a credit union during the two-year period prior to the date that nominations for the office of director under these Rules closed;
 - (e) is or becomes an undischarged bankrupt;
 - (f) is convicted of fraud, theft, robbery, or any offence in connection with the promotion, formation, or management of a corporation involving fraud, unless five years have elapsed since the latest of:
 - (i) the expiration of a period fixed for suspension on passing of sentence;
 - (ii) the imposition of a fine; or
 - (iii) the conclusion of term of imprisonment and probation, provided that the disability imposed by this paragraph (iii) ceases upon a pardon being granted under the Criminal Records Act (Canada);
 - (g) is found to be incapable of managing the person's own affairs by reason of mental infirmity;
 - (h) an employee, officer, or agent of the credit union or any bank or trust company; or

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

is not eligible to be nominated for election or to hold office as a director and, if holding office as a director, shall vacate office forthwith. If, while holding office, (i) a director ceases to be a member in good standing, or (ii) if a director, in the determination of the Conduct Review Committee is consistently in default of monetary obligations to the credit union, or owns or controls, directly or indirectly, a 50% or greater interest in an incorporated or unincorporated entity which is consistently in default of monetary obligations to the credit union (which determination of the Conduct Review Committee as to any of the foregoing matters shall be conclusive), that person shall vacate office forthwith. Further, if in any 12-month period a director fails, without being excused, to attend three consecutive meetings of the board of directors or three consecutive meetings of a committee of the board, that person shall vacate office forthwith.

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

- (a) has failed without being excused to attend three consecutive meetings of the board or any three consecutive meetings of a committee of the board; or
- (b) is required by Rule 4.7 to vacate the office of director, but has not tendered his or her resignation as a director; or
- (c) has breached the Code of Conduct and Ethics Policy or Director Policy; or
- (d) has breached the confidentiality of any proceedings, deliberations, or information of the directors,

as determined by the other directors in accordance with the policies and procedures relating to director review established by the Conduct Review Committee. At least seven (7) days prior to the meeting at which the removal of a director is to be considered, the Corporate Secretary will provide such director with notice of the meeting and the grounds for considering the director's removal. The director may appear and make submissions at the meeting prior to the directors voting on the resolution for the director's removal.

4.9 Personal Information Return - Before commencing duties, a director shall complete and submit to the superintendent the personal information return in the form prescribed by the *Financial Institutions Act*, disclosing the prescribed information.

4.10 Nominating Committee - At least 120 days before an annual general meeting, the directors shall appoint a Nominating Committee of not less than three members, who shall be natural persons and not junior members, and who may, but need not, be directors, provided however, that no director whose term of office is expiring

at the annual general meeting next following the appointment of the committee may serve as a member of the committee.

- 4.11 **Responsibility of Nominating Committee** - The responsibilities of the Nominating Committee include:
- (a) determining desired experiences and skills of candidates for election as director, taking into account the background and expertise of existing directors and the specific ongoing needs of the credit union;
 - (b) identifying, recruiting, and if considered appropriate by the Nominations & Elections Committee, recommending to members, candidates for election as directors who meet the criteria established in Rule 4.11(a);
 - (c) preparing for delivery to the members, the notice of election required by Rule 4.19, which shall include a summary of the criteria established in Rule 4.11(a); and
 - (d) conducting the election of directors in accordance with these Rules and the guidelines relating to the election and the conduct of the election.
- 4.12 **Nominations** - At least 90 days before an annual general meeting, the Nominating Committee shall:
- (a) invite the submission to it, in writing, for consideration, the names of proposed candidates, prior to the date on which nominations shall close , and which date shall be not less than 30 days from the date of the notice.
- 4.13 **Number of Nominations per Member** - No member, unless he or she is a member of the Nominating Committee, may nominate more than 1 candidate in respect of an election of a director or directors.
- 4.14 **Eligibility to Vote** - Only a member in good standing (Rule 1.3) on the last day of the month which is not less than 90 days prior to the date in which balloting is to commence, who is not a junior member, is eligible to cast a ballot in an election of a director or directors.
- 4.15 **Voting by Businesses and Organizations** - A member of a credit union who is not an individual may vote in an election of directors by an individual who:
- (a) is not a member, and
 - (b) by written authorization deposited with the credit union, is authorized to vote on behalf of that member.
- 4.16 **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 Nominations & Elections Committee a declaration, in writing, stating that the member is willing:

- (a) to stand for election, and if elected, to serve as a director;
- (b) to observe the provisions of the *Credit Union Incorporation Act*, the *Financial Institutions Act* and the *Business Corporations Act*, as applicable;
- (c) to comply with the directors' conflict of interest guidelines adopted by the directors, from time to time; and
- (d) to observe the Rules of the credit union and procedures relating to the election and the conduct thereof;

and that the member meets the qualifications to serve as a director for which he or she has been proposed as set out in the notice issued by the Nominating Committee.

4.17 Acceptance of Nominations - The Nominating Committee shall examine each nomination received and determine whether the nomination complies with the *Financial Institutions Act* and these Rules, and shall accept each nomination of a member qualified to be a candidate whose nomination is in order and reject each nomination which is not in order or that does not comply and notify each nominee accordingly and, forthwith after the date on which nominations close:

- (a) place in nomination the names of qualified candidates at least equal to the number of vacancies to be filled in the election;
- (b) place in nomination the names of other candidates nominated in writing by at least 2 members in good standing of the age of majority;
- (c) inform each candidate of the provisions of these Rules with respect to the conduct of the election and provide to each candidate a copy of the Rules of the credit union and any determinations of the directors relating to elections and the conduct thereof; and
- (d) request that each candidate complete the personal information return required to be submitted to the superintendent pursuant to the *Financial Institutions Act*.

4.18 Acclamation - If the number of qualified persons nominated for the offices for which the election is to be held is less than or equal to the number of offices to be filled, the persons so nominated shall be declared by the Nominating Committee to be elected by acclamation.

4.19 Notice of Election to Members - Subject to Rule 4.20, 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 in the election:

- (a) a brief description of each of the candidates for election prepared by the Nominations & Elections Committee and instructions on how additional information regarding the candidates for election may be accessed or obtained;
- (b) clear and precise instructions for voting;
- (c) notice of the dates and times during which voting in the election shall take place;
- (d) a list of conditions under which members will be eligible to vote in the election;
- (e) advice of the right of each member to either (i) request in writing, not less than 10 days prior to the commencement of voting, a mail ballot or (ii) request in person, not less than one day prior to the commencement of voting, a mail ballot that may be picked up at any branch of the Credit Union;

and where the member requests a mail ballot in one of the manners described in Rule 4.19(e) such member shall be provided with:

- (f) a ballot listing in alphabetical order the names of all nominees, or if such ballot is provided to the member by electronic means, a ballot listing in either alphabetical or randomly changing order (whichever the Nominating Committee approves for the purposes of such election) the names of all nominees;
- (g) a ballot envelope which will ensure confidentiality;
- (h) a ballot authentication envelope or ballot authentication stub with space for the name, address, branch, membership number, and signature of the member, which stub may be printed on the ballot envelope (so long as it is severable therefrom) or on the addressed envelope;
- (i) an envelope addressed to the returning officer and bearing the address of the registered office of the credit union; and
- (j) clear instructions for casting the ballot and return thereof by mail or personal delivery, specifying the day on which the ballot must be received by the Credit Union in order to be counted.

4.20 Dormant Account Members - The Nominating Committee is not required to provide to a Dormant Account Member a notice under Rule 4.11 or the notice of election described in Rule 4.19 however, the Nominating Committee will attempt

to provide such notice to members through other means as determined by the directors and permitted by the *Credit Union Incorporation Act*.

- 4.21 **Method of Voting** - Voting in an election of directors shall be by voting in person on 5 or more business days ending not less than 10 days before the annual general meeting at the branch office of the credit union, by e-voting, or by mail ballot upon receipt of a member's written request in the manner and within the time provided in Rule 4.19(f).
- 4.22 **Appointment of Returning Officer** - The directors may appoint a returning officer.
- 4.23 **Qualifications of Returning Officer** - A returning officer appointed under Rule 4.22 may, but need not, be a member of the credit union but the returning officer shall not be a director of the credit union.
- 4.24 **Appointment 60 Days in Advance** - Where a returning officer is appointed, he or she shall be appointed at least 60 days prior to the date on which voting in an election is to commence.
- 4.25 **Engagement of Resource Persons** - The Nominating Committee and, where applicable, the returning officer may engage such other resource persons as the directors and the Nominating Committee or returning officer agree are required to conduct the election in a proper manner.
- 4.26 **Validity of Ballots** - A ballot must contain votes for the number of directors required to be elected and a ballot indicating another intention is void.
- 4.27 **Replacement of Ballots** - If a member who is entitled to receive a ballot does not receive a ballot or loses or destroys his or her ballot before it is cast, then, prior to the close of balloting, on declaration by the member that the ballot was not received or has been lost or destroyed and that the member has not cast a ballot in the election, a new ballot shall be made available to that member, together with such information as was provided to other members entitled to vote in that election.
- 4.28 **Voting, Counting, and Announcement of Results** - The returning officer or, if there is no returning officer, the Nominating Committee shall supervise the election of directors and:
- (a) may require a member to provide proof and particulars of membership and may require a member to provide a declaration that the member has not previously cast a ballot in the election then in progress;
 - (b) shall obtain all ballots and, after the close of balloting, shall cause a tally to be made of all ballots, such tally to be made in a manner that ensures the secrecy of the balloting;

- (c) shall determine whether a ballot is to be accepted or rejected and, except in the case of a recount of votes conducted according to these Rules, such determination is final and not open to review; and
 - (d) shall announce, at the annual general meeting next following the completion of voting, the results of the election, including the total number of ballots cast, and the number of spoiled ballots
- 4.29 **Posting of Election Results** - A listing of the elected candidates shall be posted in each office of the credit union as soon as the results of the ballot have been confirmed and shall remain posted for at least three business days.
- 4.30 **When Directors Take Office** - Subject to the *Financial Institutions Act*, a person elected as a director shall take office at the close of the annual general meeting next following his or her election.
- 4.31 **Campaigning Rules** - The directors may, from time to time, determine the method and manner in which candidates shall be permitted to campaign for election and candidates shall campaign in accordance with the method and manner as determined by the directors.
- 4.32 **Conduct of Candidates** - No candidate shall interfere with the election process or seek assistance in connection with the election from any employee of the credit union.
- 4.33 **Candidate's Submission** - A candidate shall submit the information prescribed by the Nominating Committee 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, irrelevant, defamatory or injurious to the reputation of the credit union.
- 4.34 **Statement of Disclosure** - Every director shall, forthwith after his or her election as a director of the credit union, file with the Conduct Review Committee a statement of disclosure in the form established by the Conduct Review Committee disclosing any conflicts of interest which he or she may have.
- 4.35 **Number of Directors** - If the number of directors of the credit union prescribed by these Rules is reduced by death, resignation, disqualification or removal from office or by failure to elect or appoint a director pursuant to these Rules, the remaining directors, save as provided by any other provision in these Rules, shall have all of the power of the directors until the vacancy or vacancies caused thereby have been filled by appointment or election.
- 4.36 **Appointment to Fill Vacancy** - Where a casual vacancy occurs among the directors or, for any reason, the office of director is not filled in an election, the remaining directors may appoint a qualified person to fill the vacancy. Any person so appointed shall hold office until the close of the next annual general meeting.

- 4.37 **Number of Directors Less than Quorum** - Where the number of directors of a credit union is reduced below the number fixed by, or pursuant to, Rule 4.44 as the quorum for directors, the continuing directors may act for the purpose of filling the vacancies up to that number, or of summoning a general meeting of the credit union, but for no other purpose.
- 4.38 **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.
- 4.39 **Frequency of Meetings** - The directors shall meet at least 10 times in each year and not less frequently than once in each quarter.
- 4.40 **Calling Meetings** - The chair may call a meeting of the directors at any time and shall, within 14 days of receipt of a written request of three directors, call a meeting of the directors.
- 4.41 **Notice of Meeting** - Reasonable notice of a meeting of directors shall be given by e-mail, telephone, or facsimile.
- 4.42 **Quorum** - A majority of the directors shall constitute a quorum but a lesser number may adjourn from time to time until a quorum is obtained.
- 4.43 **Director with Conflict Counted in Quorum** - A director who is interested, directly or indirectly, in a proposed contract or transaction with the credit union may be counted for the purposes of the quorum required by Rule 4.42.
- 4.44 **In Event of Equality of Votes** - A majority of votes of Directors present shall decide all questions at meetings of the Board. In the event of an equality of votes, the Chair of the meeting when the vote is taken has a further casting vote.
- 4.45 **Appointment of Officers** - The Board of Directors shall appoint one person as CEO and Chief Credit Officer. The Board may empower and authorize the CEO to exercise function on behalf of the Board under Sections 2.1, 2.2, 2.13, 2.16, 3.2, and 3.3.
- 4.46 **Duties of Vice-Chair** - In the absence of the Chair or his or her inability for any cause to act, or in case the office of the Chair becomes vacant, the Vice-Chair shall discharge the duties of the Chair.
- 4.47 **Rules of Order** - Subject to the *Credit Union Incorporation Act* and the *Financial Institutions Act*, the directors may adopt rules of order governing their conduct but, where no rules are adopted, the current edition of "Robert's Rules of Order Newly Revised" shall be used.
- 4.48 **Meetings by Telecommunications** - A director or a committee member may participate in a meeting of the directors or any committee of the directors by means of conference telephones or other communications facilities by means of

which all directors or committee members participating in the meeting can hear each other, provided that a majority of the directors participating in the meeting are 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.

- 4.49 **Consent Resolution** - A resolution, whether or not in counterpart, consented to in writing or electronically by all directors or all the members of a committee and filed with the minutes of the directors or the committee shall be as valid and effectual as if it had been passed at a meeting of the directors or of the committee, duly called and constituted.
- 4.50 **Audit Committee** - The directors shall annually elect three or more of their number as the Audit Committee.
- 4.51 **Investment and Loan Committee** - The directors shall annually appoint an Investment and Loan Committee.
- 4.52 **Conduct Review Committee** - The directors shall annually elect three or more of their number as the Conduct Review Committee.
- 4.53 **Delegation of Powers** - Subject to the *Credit Union Incorporation Act*, the *Financial Institutions Act*, and the *Business Corporations Act*, the directors may delegate any of their powers to committees consisting of such persons as the directors think fit, and to such officer or officers as the directors think fit, and may from time to time revoke such delegation.
- 4.54 **Terms of Reference** - Any committee formed under Rule 4.53 shall, in the exercise of the powers so delegated, conform to any terms and conditions that may from time to time be imposed upon it by the directors.
- 4.55 **Committee Reports** - Every committee shall report to the next succeeding meeting of the directors all business dealt with by the committee since the last preceding meeting of the directors.
- 4.56 **Indemnification of Directors** - Subject to the limitations contained in the *Financial Institutions Act*, the credit union shall indemnify:
- (a) each director and officer of the credit union;
 - (b) each former director and officer of the credit union; and
 - (c) each person who acts or who has acted at the request of the credit union as a director or officer of a corporation of which the credit union is or was a member or creditor;

against all costs, charges and expenses, including an amount paid to settle any action or proceeding or satisfy any judgement, reasonably incurred by the director or officer or person for any civil, criminal or administrative action or proceeding to which the director or officer or person is made a party by reason of being or having been a director or officer of the credit union or corporation, if the director or officer of the credit union or corporation acted honestly and in good faith with a view to the best interests of the credit union and, in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the director or officer of the credit union or corporation had reasonable grounds for believing that his or her conduct was lawful, and, if the director or officer is required to include in income or in the income of that individual's estate, any payment made under this indemnification for the purpose of determining income tax payable by the director or officer, the credit union shall pay an amount by way of indemnity that will fully indemnify for the amount of all liabilities herein described and all income taxes payable as a result of the receipt of the indemnity payment.

RULE 5 - GENERAL MEETINGS

- 5.1 **Date of Annual General Meeting** - The annual general meeting of the credit union shall be held on a date to be fixed by the directors and shall be convened and held in accordance with the provisions of the *Credit Union Incorporation Act*.
- 5.2 **Other General Meetings** - Other general meetings may be convened and held in accordance with the provisions of the *Credit Union Incorporation Act*.
- 5.3 **Rules of Order** - Subject to the *Credit Union Incorporation Act*, a general meeting may adopt rules of order for its conduct, but if no rules are adopted, the current edition of "Robert's Rules of Order Newly Revised" shall be used.
- 5.4 **Quorum** - At a general meeting of the credit union, 40 members shall constitute a quorum, but a lesser number may adjourn from time to time until a quorum is obtained.
- 5.5 **Order of Business** - So far as is practical, the order of business at an annual general meeting shall be as follows:
- call to order,
 - ascertainment of quorum,
 - appointment of recording secretary and of parliamentarian,
 - adoption of agenda,
 - approval of minutes,
 - business arising out of minutes,
 - report of the directors,
 - report of management,

presentation of financial statements,
report of the auditor,
approval of auditor's report,
report of other committees,
elections,
appointment of auditor,
unfinished business,
new business, special resolutions
good and welfare, community giving
adjournment.

- 5.6 **Member Declaration** - Each person desiring to cast a vote on any issue or a ballot in person in an election shall, on request, present evidence of age, identity and membership, and a declaration that the member has not previously voted or cast a ballot on the issue or in the election then in progress.
- 5.7 **Who May Vote** -
- (a) Only a person who is a member in good standing on the last day of the month which is not less than 90 days prior to the commencement of voting and who is not a junior member may vote on a resolution, including a special resolution.
 - (b) A member of a credit union who is not an individual may be represented and vote at meetings of the credit union by an individual who:
 - (i) is not a member, and
 - (ii) by written authorization deposited with the credit union, is authorized to vote at the meeting on behalf of the member.
- 5.8 **Chair** - The Chair, the Vice-Chair, or a director designated by the Chair shall chair general meetings of the credit union.
- 5.9 **Manner of Voting** - Subject to the *Credit Union Incorporation Act*, the chair shall determine the manner by which voting shall be undertaken at a meeting of the credit union for all matters to be voted upon at a meeting, other than voting on an election, a resolution, or on a special resolution.
- 5.10 **No Proxy Voting** - Neither a member nor an auxiliary member shall vote by proxy.
- 5.11 **Dormant Account Members** - The directors are not required to mail to Dormant Account Members notice of a general meeting; however, the directors will attempt to provide such notice to members through other means as determined by the directors and permitted by the *Credit Union Incorporation Act*.
- 5.12 **Decorum** - The Chair of a general meeting may refuse entry to, or request removal from a general meeting, any individual the Chair determines, in his or

her sole discretion, is acting in an inappropriate manner.

5.13 Debate & Discussion:

1. All persons wishing to speak shall address the Chair and must be recognised before speaking.
2. Upon recognition by the Chair, each speaker shall state his/her name, and state whether a Member or a visitor.
3. Only Members are entitled to speak; visitors must receive the permission of the Chair to speak.
4. Speakers shall be limited to one speech of three minutes on each subject unless permitted by the Chair to speak again or for a longer period of time.
5. All debate shall be relevant to the question before the meeting.

RULE 6 - AUDIT

- 6.1 The Auditor shall be appointed at each Annual General Meeting, to hold office until the close of the next Annual General Meeting. If at that meeting, a new appointment is not made, the Auditor in office shall continue as Auditor until a successor is appointed.

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.

RULE 8 - ALTERATION

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

RULE 9 - FINANCIAL YEAR END

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

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, on the last day of the month not less than 90 days prior to the commencement of voting.

10.3 **Method of Voting** - Voting on a resolution, including a special resolution, shall be by voting in person at any branch office of the credit union, by e-voting or by mail ballot, whichever the member chooses, and the chair shall determine the procedure for so voting.

10.4 **Voting Information** - Subject to Rule 10.5, the directors shall provide to each member eligible to vote:

- (a) the wording of the proposed special resolution or a summary description of the change or action proposed to be made by the special resolution;
- (b) if not provided under Rule 10.4(a), notice of how a copy of the special resolution may be accessed or obtained;
- (c) clear and precise instructions for voting;
- (d) notice of the dates and times during which voting on the special resolution shall take place;
- (e) a list of conditions under which members will be eligible to vote on the special resolution;
- (f) advice of the right of each member to either (i) request in writing, not less than 10 days prior to commencement of voting, a mail ballot or (ii) request in person, not less than one day prior to the commencement of voting, a mail ballot that may be picked up at any branch of the credit union;

and where the member requests a mail ballot in one of the manners described in Rule 10.4(f), such member shall be provided with:

- (g) a ballot for the special resolution(s);
- (h) a ballot envelope for the special resolution(s) with a single word "ballot" printed thereon;

- (i) a ballot authentication envelope or ballot authentication stub for the special resolution(s) which must provide spaces for the name, address, membership number and signature of the member which stub may be printed on the ballot envelope (so long as it is severable therefrom) or on the addressed envelope;
 - (j) an envelope addressed to the returning officer and bearing the address of the registered office of the credit union;
 - (k) clear instructions for casting the ballot and return thereof by mail or personal delivery, specifying the day on which the ballot must be received by the credit union in order to be counted.
- 10.5 **Dormant Account Members** - The directors are not required to mail to Dormant Account Members notice of a special resolution and the information described in Rule 10.4; however, the directors will attempt to provide such notice to members through other means as determined by the directors and permitted by the *Credit Union Incorporation Act*.
- 10.6 **Supervision of Vote** - The auditor of the credit union shall be responsible for the supervision of the voting on special resolutions. A determination of the auditor shall be conclusive and binding upon all concerned.
- 10.7 **Proof of Membership** - The returning officer may require a member to provide proof and particulars of membership and eligibility and may require a member to provide a declaration that the member has not previously cast a ballot during the special resolution vote then in progress.
- 10.8 **Tally** - The returning officer shall cause all ballots to be returned to the returning officer following the close of voting and shall cause a tally to be made of all ballots, such tally to be conducted in a manner which ensures the secrecy of the voting.
- 10.9 **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 returning officer when the votes are tallied and the decision of the returning officer is final and not open to question or review.
- 10.10 **Results** - The auditor shall communicate the results of the vote on a special resolution to the chair of the directors within 7 days of the tally of ballots, and the directors shall communicate the results of the vote on a special resolution to the members in the manner determined by the chair.
- 10.11 **Filing with Superintendent** - The credit union will file with the Superintendent of Financial Institutions every special resolution passed by its members.

RULE 11 - MISCELLANEOUS

11.1 **Electronic Communication** - Subject to the *Credit Union Incorporation Act*, the *Financial Institutions Act*, the *Business Corporations Act* and the *Electronic Transactions Act* and unless the Rules expressly provided otherwise:

- (a) where these Rules require the use of documents that are “written”, “in writing” and other similar words, the directors may permit the use of documents in such electronic forms as the directors in their discretion consider desirable in the circumstances, provided that such electronic documents are accessible in a manner useable for subsequent reference;
- (b) where these Rules require the provision or delivery of documents, the directors may permit the provision or delivery of such documents in electronic form and by such electronic means (including without limitation making such electronic documents accessible to the intended recipient by electronic means of which the intended recipient is notified) as the directors in their discretion consider desirable in the circumstances provided that such electronic documents are (i) accessible by the recipient in a manner usable for subsequent reference, and (ii) capable of being retained by the recipient in a manner useable for subsequent reference;
- (c) for the purposes of this Rule 11.1, “document” includes without limitation notices, instruments, resolutions and ballots.