

SUNSHINE COAST CREDIT UNION RULES

as approved by the membership

April 24, 2018

DEFINITIONS

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

- (a) “Board”, unless the context otherwise requires, means the Board of Directors of the Credit Union;
- (b) “Chairperson” means the Chairperson of the Board of Directors;
- (c) “Credit Union” means Sunshine Coast Credit Union;
- (d) “*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;
- (e) “Director” means a director of the Credit Union for the time being;
- (f) “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), including online and in-branch electronic voting, at the discretion of the Board;
- (g) “*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;
- (h) “*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.

RULE 1 MEMBERSHIP

- 1.1 Every application for membership shall be in writing on an approved application form or prescribed electronic means and shall be accompanied by payment in full of the number of Class

“B” Membership Equity Shares required to be held by a member on the date of application for membership.

- 1.2 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 A member in good standing is a member, including a junior member, who at the date on which good standing is determined:
 - (a) subject to these Rules has purchased, paid for and holds the number of Class “B” 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 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 Board of Directors may establish policies with respect to the subscription, payment for, holding and ownership of equity shares as required by these Rules.

RULE 2 SHARES AND DEPOSITS

- 2.1 The Board may determine the forms by which a person may withdraw monies on deposit or request redemption of shares.
- 2.2 Interest on deposits, in the absence of an express contract or agreement, shall be paid or credited at times, intervals, and in a manner determined by the Board and the Board may delegate the power to make such determinations.
- 2.3 The shares of the Credit Union shall be divided into the following classes of shares, each consisting of an unlimited number of shares: Class “A” Non-Equity Shares; Class “B” Membership Equity Shares; Class “C” Transaction Equity Shares and Class “D” Voluntary Equity Shares.
- 2.4 All shares shall have a par value of One Dollar (\$1.00) each.
- 2.5 Subject to the *Credit Union Incorporation Act* and these Rules, the Credit Union may, by resolution of the Board, redeem or purchase any of its shares.
- 2.6 If the Credit Union proposes, at its option, to redeem some but not all of the shares of any class, the Board may, subject to the special rights and restrictions attached to such class of shares, decide the manner in which the shares to be redeemed shall be selected.
- 2.7 Monies invested in equity shares and dividends thereon shall not be guaranteed by the fund administered by the Credit Union Deposit Insurance Corporation of British Columbia.
- 2.8 Class “B” Membership Equity Shares have attached thereto the following rights and restrictions:
 - (a) ownership, assignment, transfer and issue of Class “B” Membership Equity Shares is limited as set out in the *Credit Union Incorporation Act*;

- (b) subject to the *Credit Union Incorporation Act*, the Credit Union shall redeem the Class “B” Membership Equity Shares held by a member if:
 - (i) the member is a natural person and dies, subject to Rule 2.20 and subject to any contrary instruction of the personal representative of the deceased member to transfer the shares to a person entitled to hold the same pursuant to the *Credit Union Incorporation Act* and these Rules;
 - (ii) the member is an incorporated company and is dissolved or wound up;
 - (iii) the Credit Union terminates the membership of the member;
 - (iv) the member withdraws from membership in the Credit Union;
 - (v) the member is a partnership which dissolves; or
 - (vi) the member, in any other case, ceases to be a legal entity according to the statute by or pursuant to which it was created.
- (c) Subject to the *Credit Union Incorporation Act*, the Credit Union may redeem the Class “B” Membership Equity Shares held by a member on such terms and conditions and at such times as the Board, in their discretion, resolve.
- (d) Notwithstanding the foregoing but subject to the *Credit Union Incorporation Act*, the amount of Class “B” Membership Equity Shares that the Credit Union may be required to redeem in any financial year is limited to 10% of the amount of such shares issued and outstanding on the last day of the immediately preceding financial year.
- (e) Any redemption or purchase of Class “B” Membership Equity Shares shall be at par value plus any dividends declared but unpaid thereon.

2.9 Class “C” Transaction Equity Shares have attached thereto following rights and restrictions:

- (a) Class “C” Transaction Equity Shares may only be issued to a member of the Credit Union.
- (b) Subject to the *Credit Union Incorporation Act*, the Credit Union may, but shall not be required to redeem the Class “C” Transaction Equity Shares held by a member if all indebtedness of the member to the Credit Union has been fully paid and discharged and:
 - (i) the member is an individual and dies, subject to Rule 2.20;
 - (ii) the member is an incorporated company and is dissolved or wound up;
 - (iii) the member is a partnership which dissolves;
 - (iv) the member, in any other case ceases to be a legal entity according to the statute by or pursuant to which it was created; or

- (v) the member requests, in writing, that the Class "C" Transaction Equity Shares be redeemed.
 - (c) The Credit Union may redeem any Class "C" Transaction Equity Shares held by a member on such terms and conditions and at such times as the Board, in their discretion, resolve.
 - (d) Notwithstanding the foregoing, but subject to the *Credit Union Incorporation Act*, the amount of Class "C" Transaction Equity Shares that the Credit Union may be required to redeem in any financial year is limited to 10% of the total amount of such shares issued and outstanding on the last day of the immediately preceding financial year.
 - (e) Any redemption or purchase of Class "C" Transaction Equity Shares shall be at par value plus any dividends declared but unpaid thereon.
- 2.10 Class "D" Voluntary Equity Shares have attached thereto the following rights and restrictions:
- (a) The Credit Union may redeem any Class "D" Voluntary Equity Shares on such terms and conditions and at such times as the Board, in their discretion, resolve.
 - (b) Any redemption or purchase of Class "D" Voluntary Equity Shares shall at par value plus any dividends declared but unpaid thereon.
- 2.11 The Credit Union may require evidence as to the events described in Rule 2.8 or Rule 2.9 before redeeming equity shares.
- 2.12 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 "B" Membership Equity Shares:
- (a) except as provided below, each member - twenty-five (25) shares;
 - (b) each junior member - five (5) shares;
 - (c) each member which is an incorporated company - twenty-five (25) shares;
 - (d) each member which is a legal entity, other than an incorporated company, created by or pursuant to statute - twenty-five (25) shares;
 - (e) if shares are jointly held, the first member registered on the register of members - twenty (20) shares, each other member - five (5) shares, provided that the number of members jointly holding those shares shall not exceed 2.
- 2.13 Subject to Rule 2.19, Rule 2.12 shall come into force and effect on a date stated in a notice given to all members of the Credit Union, which date shall be not less than forty-five (45) days following the date on which the notice is deemed to have been received by the members.
- 2.14 The Board may, by resolution, determine that the number of Class "B" Membership Equity Shares required to be owned by a member shall be increased, PROVIDED THAT:

- (a) the Board may not determine that the total number of Class “B” Membership Equity Shares required to be owned by a member shall exceed one thousand (1,000) Class “B” Membership Equity Shares;
 - (b) on any one occasion, the Board may not determine to increase the number of Class “B” Membership Equity Shares required to be owned by more than twenty-five (25) Class “B” Membership Equity Shares;
 - (c) a determination by the Board pursuant to this Rule may be made no more frequently than once per financial year;
 - (d) a subsequent determination by the Board shall not be made to have effect within six (6) months of the last such determination; and
 - (e) subject to Rule 2.19, a determination by the Board pursuant to this Rule shall not be effective until the expiration of not less than forty-five (45) days after notice of a determination is deemed to have been received by the members.
- 2.15 If, on the expiration of not less than forty-five (45) days after the deemed receipt of the notice described in Rule 2.13 or Rule 2.14, a member does not hold the required number of Class “B” Membership Equity Shares, the Credit Union may apply any money on deposit and interest thereon or invested in Class “D” Voluntary Equity Shares or Class “A” Non-Equity Shares and dividends credited thereon in the name of the member to the purchase of sufficient Class “B” Membership Equity Shares in the name of the member so that the member shall hold the number of Class “B” Membership Equity Shares required by Rule 2.12 or Rule 2.14.
- 2.16 If, on the expiration of the period of notice described in Rule 2.13 or Rule 2.14, a member does not hold the required number of Class “B” Membership Equity Shares and the member has insufficient monies on deposit or invested in Class “D” Voluntary Equity and Class “A” Non-Equity Shares to permit the purchase of sufficient Class “B” Membership Equity Shares pursuant to Rule 2.15, the Board may terminate that member’s membership unless that membership shall terminate in accordance with the *Credit Union Incorporation Act*.
- 2.17 Without precluding any other method of giving notice, a notice under Rule 2.13 or Rule 2.14 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.
- 2.18 (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 “B” Membership Equity Shares required to be held by a member of the age of majority.
- (b) If, on the 30th day preceding 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 2.18(a), then Rules 2.15 and 2.16 shall apply, except that no notice shall be required.

- 2.19 A person who becomes a member of the Credit Union at any time after notice is given under Rule 2.13 or Rule 2.14 shall, as a condition of membership, subscribe and fully pay for the number of Class “B” Membership Equity Shares required to be held by a member.
- 2.20 (a) Equity shares may be held jointly, but nothing in this Rule diminishes the number of Class “B” 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.
- 2.21 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”.
- 2.22 Every share certificate issued by the Credit Union shall be in such form as the Board approve and shall comply with the *Credit Union Incorporation Act*.
- 2.23 If any share certificate is worn out or defaced, then, on production of that certificate to the Credit Union, the certificate may be cancelled and a new certificate issued in place of that certificate; and if any share certificate is lost or destroyed, then, on proof of the loss or destruction to the satisfaction of the Board, and on giving such indemnity as the Board deem adequate, a new certificate in place of the lost or destroyed certificate shall be issued to the party entitled to it.
- 2.24 A share certificate registered in the names of two or more persons shall be delivered to the person first named on the register of members.
- 2.25 No equity shares shall be transferred without the previous consent of the Board expressed by a resolution of the Board, and the Board shall not be required to give any reason for refusing to consent to any such proposed transfer.
- 2.26 No transfer or assignment of equity shares is effective until the register of members of the Credit Union is completed, indicating the transfer or assignment.
- 2.27 No transfer of equity shares shall be registered unless a proper instrument of transfer has been delivered to the Credit Union, but an instrument of transfer is not required for the Credit Union to register a transmission of shares in compliance with the *Credit Union Incorporation Act*.
- 2.28 Subject to the *Credit Union Incorporation Act*, its constitution, and these Rules, the Credit Union shall, on application of the transferor or transferee of an equity share, enter the name of the transferee on its register of members.
- 2.29 The instrument of transfer of any equity share shall be in writing in the form, if any, on the back of the Credit Union’s share certificates or any other form that the Board may approve.

- 2.30 If the Board so require, each instrument of transfer shall be in respect of only one class of shares.
- 2.31 Every instrument of transfer shall be executed by the transferor and left at the registered office of the Credit Union for registration, together with the share certificate, if any, for the shares to be transferred and such other evidence, if any, as the Board may require to prove the title of the transferor or his/her right to transfer the shares. All instruments of transfer which are registered shall be retained by the Credit Union but any instrument of transfer that the Board decline to register shall be returned to the person depositing the same, together with the share certificate which accompanied the same when tendered for registration.
- 2.32 The signature of the registered owner of any equity shares or of his/her duly authorized attorney on the form of transfer constitutes an authority to the Credit Union to register the shares specified in the form of transfer in the name of the person named in that form as transferee.
- 2.33 Neither the Credit Union nor any director, officer or agent is bound to inquire into the title of the transferee of those equity shares to be transferred or is liable to the registered or any intermediate owner of those shares, for registering the transfer.
- 2.34 Subject to these Rules and the *Credit Union Incorporation Act*, a person who becomes entitled to an equity share as a result of the death or bankruptcy of any member or auxiliary member, on producing the evidence required by the *Credit Union Incorporation Act*, or who becomes entitled to a share as a result of an order of a court of competent jurisdiction or a statute, on producing such evidence as the Board think sufficient that he/she is so entitled, may be registered as holder of the share or may transfer the share to a person entitled by these Rules and the *Credit Union Incorporation Act* to hold such share.
- 2.35 (a) A member may subscribe for a maximum of one thousand (1000) Class "B" Membership Equity Shares.
- (b) A member may subscribe for a maximum of one thousand (1000) Class "C" Transaction Equity Shares.
- (c) A member may subscribe for a maximum of five thousand (5000) Class "D" Voluntary Equity Shares.
- 2.36 (a) Dividends, patronage refunds, or bonuses declared, if any, at the discretion of the Board may be paid as an allocation of Class "B" Membership Equity Shares, Class "C" Transaction Equity Shares or Class "D" Voluntary Equity Shares.
- (b) Dividends declared, if any, may, at the discretion of the Board, be at a different rate for different classes of shares.
- (c) Subject to the provisions of the *Financial Institutions Act* and the *Credit Union Incorporation Act*, the Credit Union, or the Board on behalf of the Credit Union, may pay a commission or allow a discount to any person in consideration of that person subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in the Credit Union, or procuring or agreeing to procure subscriptions, whether

absolutely or conditionally, for any such shares, provided that the rate of the commission and discount shall not in the aggregate exceed the amount permitted by the *Credit Union Incorporation Act*.

- 2.37 Subject to the *Credit Union Incorporation Act* and the *Financial Institutions Act*, the Board may develop and offer such participation programs as they deem in the best interest of the Credit Union.
- 2.38 Class "A" Non-Equity Shares shall be redeemed by the Credit Union upon the written request of the member.
- 2.39 Subject to the *Credit Union Incorporation Act*, the *Financial Institutions Act* and these Rules, the Credit Union may allot and issue its shares at the times, in the manner and to the persons, the Board may determine.

RULE 3 BORROWING AND LENDING

- 3.1 Subject to the *Credit Union Incorporation Act* and the *Financial Institutions Act*, the Board 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 Subject to the *Credit Union Incorporation Act* and the *Financial Institutions Act*, the Board 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 Class "C" Transaction 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.

RULE 4 BOARD OF DIRECTORS

- 4.1 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 Except as to the first election of directors or where an election is held to fill the unexpired portion of a term, directors shall be elected to hold office for three (3) years.
- 4.3 Where any offices of directors being filled at any election are for different lengths of terms, the term of each person shall be determined in proportion to the number of votes he/she receives, the person receiving the greatest number of votes to hold office for the longest term, provided that if there are two (2) or more persons having an equal number of votes their election or terms of office, as the case may be, shall be determined by lot; but, if there is an election by acclamation, the chairperson of the nominations committee shall either determine the respective terms of the persons so elected or direct that the terms be determined by lot.
- 4.4 A member in good standing, other than a person disqualified by Rule 4.5, shall be eligible for election as a director.
- 4.5 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:

- (a) is a person disqualified from becoming or acting as a director pursuant to the *Financial Institutions Act* or the *Credit Union Incorporation Act*;
- (b) is or becomes a paid employee of the Credit Union or an affiliate of the Credit Union or the spouse, child, or step-child, of a paid employee of the Credit Union or an affiliate of the Credit Union;
- (c) was an employee of a credit union or an affiliate of a credit union during the two-year period prior to the date that nominations for the office of director under these Rules closed;
- (d) is an employee, officer or director of a bank, trust company, loan company, savings and loan association, deposit-taking institution, lending institution or another credit union (other than a director of a central credit union) or a subsidiary of any of them except where that person has been requested or authorized in writing by the Board to serve as a director of a bank, trust company, loan company, savings and loan association, deposit-taking institution, lending institution, other credit union or a subsidiary of any of them;
- (e) has not been a member in good standing of the Credit Union for 12 consecutive months;
- (f) being a director, has failed, without being excused, to attend regular meetings of the Board of Directors for three consecutive months in which meetings are held;
- (g) is found to be incapable of managing his/her own affairs by reason of mental infirmity; or
- (h) 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.

For the purpose of this Rule 4.5, the term “employee” includes a person who is paid to provide his/her services, directly or indirectly, to the Credit Union or an affiliate of the Credit Union, on a full-time or part-time basis as an employee, and the term “spouse” has the meaning given to it in the *Credit Union Incorporation Act*. The Board of Directors may, in their discretion, determine additional criteria for determining whether or not a person is an “employee” for the purposes of these Rules.

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

- (a) has breached the Credit Union code of conduct; or
- (b) has breached the confidentiality of any proceedings, deliberations, or information of the Board of 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 Governance-Executive Committee Chairperson shall 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 Board voting on the resolution for the director's removal.

- 4.7 Before commencing duties, a director shall complete and submit to the superintendent the personal information return in the form prescribed by the *Financial Institutions Act*, disclosing the prescribed information.
- 4.8 At least 120 days before an annual general meeting, the Board shall appoint a nominations committee of not less than three members, who shall be natural persons and not junior members, and who may, but need not, be directors, provided however, that no director whose term of office is expiring at the annual general meeting next following the appointment of the committee may serve as a member of the committee.
- 4.9 At least 90 days before an annual general meeting, the nominations committee shall:
- (a) notify all members of the Credit Union that an election of directors is to take place, specifying the number of positions which are to be filled;
 - (b) advise all members that, for purposes of being eligible to cast a ballot in an election of a director or directors, a person must be a member, other than a junior member, in good standing ninety (90) days prior to the date on which balloting is to commence; and
 - (c) invite members to submit to the nominations committee, in such form or forms the nominations committee shall from time to time prescribe for the purpose, the names of proposed candidates prior to a date which shall be specified in the notice, which date shall not be less than 30 days from the date of the notice.
- 4.10 No member, unless he/she is a member of the nominations committee, may nominate more than one (1) candidate in respect of an election of a director or directors.
- 4.11 A member, other than a junior member, in good standing ninety (90) days prior to the date on which balloting is to commence, is eligible to cast a ballot in an election of a director or directors.
- 4.12 A member of a Credit Union who is not an individual may vote in an election of directors by an individual who:
- (a) is not a member, and
 - (b) by written authorization deposited with the Credit Union, is authorized to vote on behalf of that member.
- 4.13 Before the name of a person is placed in nomination as a candidate for election as a director, that person shall deliver to the nominating committee a declaration, in writing, stating that the member is willing:
- (a) to stand for election, and if elected, to serve as a director;

- (b) to observe the provisions of the *Credit Union Incorporation Act* and the *Financial Institutions Act*, as applicable;
 - (c) to comply with the directors' conflict of interest guidelines adopted by the Board, from time to time; and
 - (d) to observe the Rules of the Credit Union and procedures relating to the election and the conduct thereof.
- 4.14 The nominations 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 after the date on which nominations close; and
- (a) place in nomination the names of qualified candidates at least equal to the number of vacancies to be filled in the election;
 - (b) place in nomination the names of other candidates nominated in writing by at least three (3) members in good standing of the age of majority;
 - (c) inform each candidate of the provisions of these Rules with respect to the conduct of the election and provide to each candidate a copy of the Rules of the Credit Union and any determinations of the Board relating to elections and the conduct thereof;
 - (d) request that each candidate meet with the nominations committee for the purpose of an interview, within ten (10) days of the close of nominations; and
 - (e) request that each candidate complete the Personal Information Return required to be submitted to the superintendent pursuant to the *Financial Institutions Act*.
- 4.15 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 nominations committee to be elected by acclamation.
- 4.16 Subject to the *Credit Union Incorporation Act*, where an election is to be held and/or a special resolution is to be voted on by the membership,
- (a) At least ninety (90) days prior to any general meeting of members, the Board shall determine the method by which voting on special resolutions, other resolutions and an election of directors shall take place. The Board may determine that members may vote:
 - (i) in person at a general meeting or by mail ballot, whichever method the member chooses;
 - (ii) in person at a general meeting, or by ballot at a branch office, whichever method the member chooses;

- (iii) in person at a general meeting, by mail ballot or by ballot at a branch office, whichever method the member chooses;
 - (iv) by mail ballot or voting by ballot at a branch office, whichever method the member chooses;
 - (v) by ballot at a branch office; or
 - (vi) by mail ballot.
- (b) Having regard to the determination made in Rules 4.16(a), 4.17 and 4.18, the Board may determine to deliver ballots:
- (i) to members by making ballots available in branches;
 - (ii) upon request by a member in writing, to the member by mail when so requested at least seven (7) days before the close of balloting;
 - (iii) upon request by a member in writing, to the member by electronic means when so requested at least seven (7) days before the close of balloting;
 - (iv) by mail to all members eligible to cast a ballot;
 - (v) to members at the general meeting; or
 - (vi) a combination of the above methods.
- (c) The nominations committee shall forward, at least thirty (30) days before an annual general meeting, to all members of the Credit Union entitled to vote:
- (i) a list of each of the candidates for election;
 - (ii) photograph and candidate statement, if submitted by a candidate for election pursuant to Rule 4.29;
 - (iii) clear and precise instructions for voting;
 - (iv) notice of the date(s) and time(s) during which voting in the election shall take place;
 - (v) advice of the place, places or means at which polling in the election shall take place; and
 - (vi) a list of conditions under which members will be eligible to vote in the election.

4.17 In addition to the voting methods selected by the Board pursuant to Rule 4.16(a) and subject to the *Credit Union Incorporation Act*, the *Financial Institutions Act* and the *Electronic Transactions Act*:

- (a) the Board may determine that the members may vote by such electronic means as may be prescribed by the Board in their discretion; and
 - (b) if the Board determines that members may vote by electronic means pursuant to subsection (a) above, the Board may prescribe such technological and other requirements for the use of such electronic means as the Board, in their discretion, consider desirable in the circumstances.
- 4.18 Subject to the *Credit Union Incorporation Act*, the *Financial Institutions Act* and the *Electronic Transactions Act*, voting on special resolutions, other resolutions and/or an election of directors shall occur by written ballot or if the Board chooses to permit electronic voting in a given election, written ballot and electronic means, and:
- (a) a ballot by electronic means for the election of directors shall contain a listing of the names of the candidates in an order chosen by the nominations committee and a ballot for special resolutions and other resolutions shall contain the wording of the special resolutions or other resolutions; or
 - (b) a ballot provided by non-electronic means shall contain the following:
 - (i) a ballot listing the names of all candidates in the order chosen by the nominations committee;
 - (ii) a ballot for the election of directors, shall contain a listing the names of all candidates in the order chosen by the nominations committee, and a ballot for special resolutions and other resolutions shall contain the wording of the special resolutions or other resolutions;
 - (iii) clear instructions for casting the ballot and return of the ballot, whether by mail or deposit at a branch of the Credit Union, which shall specify the date by which the ballot must be received by the Credit Union or the returning officer in order for the ballot to be considered returned and properly cast. Where a ballot is received in duplication by mail ballot and electronic means, the electronic ballot shall be deemed the ballot cast by the member.
- 4.19 The Board may appoint a returning officer and where an appointment is made, such appointment should occur at least sixty (60) days prior to the date on which voting in an election is to commence.
- 4.20 A returning officer appointed under Rule 4.19 may, but need not, be a member of the Credit Union but the returning officer shall not be an employee of the Credit Union.
- 4.21 The nominations committee and, where applicable, the returning officer may engage such other resource persons as the Board and the nominations committee or returning officer agree are required to conduct the election in a proper manner.
- 4.22 A ballot must contain votes for the number of persons to be elected and any ballot indicating another intention is void.

- 4.23 If a member who is entitled to receive a ballot does not receive a ballot or loses or destroys his/her ballot before it is cast, then, prior to the close of balloting, on declaration by the member that the ballot was not received or has been lost or destroyed and that the member has not cast a ballot in the election, a new ballot shall be made available to that member, together with such information as was provided to other members entitled to vote in that election.
- 4.24 The returning officer or, if there is no returning officer, the nominations committee shall supervise the election of directors and:
- (a) may require a member to provide proof and particulars of membership and may require a member to provide a declaration that the member has not previously cast a ballot in the election then in progress;
 - (b) shall obtain all ballots and, after the close of balloting, shall cause a tally to be made of all ballots, such tally to be made in a manner that ensures the secrecy of the balloting;
 - (c) shall determine whether a ballot is to be accepted or rejected and, such determination is final and not open to review; and
 - (d) shall announce, at the annual general meeting next following the completion of voting, the results of the election, including the total number of ballots cast and the number of spoiled ballots.
- 4.25 An alphabetic listing of the candidates and the number of votes received by each shall be posted in each office of the Credit Union as soon as the results of the ballot have been announced and shall remain posted for three (3) clear business days.
- 4.26 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/her election.
- 4.27 The Board may 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 Board.
- 4.28 No candidate shall interfere with the election process or seek assistance in connection with the election from any employee of the Credit Union.
- 4.29 The candidate may submit a statement not exceeding 250 words, setting forth the candidates biographical information, occupation, Credit Union affiliation, experience and qualifications, which statement shall be reviewed by the nominations committee and may be rejected by the committee if the committee considers it to be lacking in good taste, defamatory, injurious to the reputation of the credit union, or if it exceeds 250 words. The nominations committee may choose to videotape or take a photograph of the candidate for election purposes.
- 4.30 Every director shall, forthwith after his/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/she may have.

- 4.31 (a) The number of directors of the Credit Union shall be nine (9).
- (b) If the number of directors 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 powers of the Board until the vacancy or vacancies caused thereby have been filled by appointment or election.
- 4.32 (a) Each geographic area served by a branch of the Credit Union (Town of Gibsons, District of Sechelt and the Sunshine Coast Regional District) shall be represented by at least one director who is a resident in each geographic area (Town of Gibsons, District of Sechelt and Sunshine Coast Regional District).
- (b) Where a geographic area is not represented by at least one director whose term is not expiring, the candidate in an election of directors who is normally resident in that unrepresented geographic area who receives the most votes shall be elected and the remaining vacancies shall be filled by the remaining candidates who receive the most votes.
- 4.33 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.
- 4.34 Where the number of directors of the Credit Union is reduced below the number fixed by, or pursuant to, Rule 4.40 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.
- 4.35 The Board shall meet within 30 days after each annual general meeting and shall elect from their own numbers a chairperson and vice-chairperson and, subject to Rule 4.42, may appoint such additional officers as they consider necessary.
- 4.36 The Board shall meet at least four (4) times in each year and not less frequently than once in each quarter.
- 4.37 The chairperson may call a meeting of the Board at any time and shall, within 14 days of receipt of a written request of three directors, call a meeting of the Board.
- 4.38 Reasonable notice of a meeting of directors specifying the place, day and hour of such meeting shall be given by mail, postage prepaid, addressed to each of the directors at his/her address as it appears on the books of the Credit Union or by leaving it at his/her usual business or residential address or by telephone, electronic mail, or any method of transmitting legibly recorded messages. It shall not be necessary to give notice of a meeting of the Board to any director:
- (a) who is at the time not in the Province of British Columbia; or

- (b) if such meeting is to be held immediately following a general meeting at which such director shall have been elected or is the meeting of the Board at which such director is appointed.

Accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any director shall not invalidate the proceedings at that meeting.

- 4.39 A director may waive, in writing, notice of any past or present meeting of the Board.
- 4.40 A majority of the directors shall constitute a quorum but a lesser number may adjourn from time to time until a quorum is obtained.
- 4.41 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 4.40.
- 4.42 The Board shall appoint the Chief Executive Officer and authorize the Chief Executive Officer to appoint or engage employees as may be required for the sound and proper operation of the Credit Union.
- 4.43 In the absence of the chairperson or his/her inability for any cause to act or in case the office of the chairperson becomes vacant, the 1st vice-chairperson shall discharge the duties of the chairperson.
- 4.44 Subject to the *Credit Union Incorporation Act* and the *Financial Institutions Act*, the Board 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.
- 4.45 A director or a committee member may participate in a meeting of the Board or any committee of the directors by means of electronic or other communications facilities where all directors or committee members participating in the meeting can hear each other, provided that all such directors or committee members agree to such participation. Subject to the *Credit Union Incorporation Act*, Subsection 83(6), it is required that at least a majority of the Board or committee's members who are participating in the meeting, be in British Columbia at the time of the meeting. A director or committee member participating in accordance with this Rule shall be deemed to be present at the meeting and to have so agreed and shall be counted in a quorum and be entitled to speak and vote. A meeting held under this Rule 4.45 shall be deemed to be held at the place where the records office of the Credit Union is located.
- 4.46 A resolution, whether or not in counterpart, consented to in writing by all directors or all the members of a committee and filed with the minutes of the Board or the committee shall be as valid and effectual as if it had been passed at a meeting of the Board or of the committee, duly called and constituted.
- 4.47 The Board shall annually appoint or elect a minimum of three (3) of their number as the Audit Committee.
- 4.48 The Board shall annually appoint or elect a minimum of three (3) of their number as the Investment and Loan Committee.

- 4.49 The Board shall annually elect a minimum of three (3) of their number as the Conduct Review Committee.
- 4.50 Subject to the *Credit Union Incorporation Act* and the *Financial Institutions Act*, the Board may delegate any of their powers to committees consisting of such persons as the Board think fit, and to such officer or officers as the Board think fit, and may from time to time revoke such delegation.
- 4.51 Any committee formed under Rule 4.50 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 Board.
- 4.52 The meetings and proceedings of any committee consisting of two or more persons shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board so far as the same are applicable thereto and are not superseded by any regulations made by the Board under Rule 4.51.
- 4.53 Every committee shall report to the next succeeding meeting of the Board all business dealt with by the committee since the last preceding meeting of the Board.
- 4.54 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 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/her conduct was lawful.
- 4.55 The remuneration of the Board of the Credit Union in relation to their service as directors, including attendance at meetings and expenses, be established, allocated and distributed to the directors at the discretion of the Board, and that the amount paid to directors shall be reported in the notes of the financial annual report for the current year and the two previous years.

RULE 5 GENERAL MEETINGS

- 5.1 The annual general meeting of the Credit Union shall be held on a date to be fixed by the Board and shall be convened and held in accordance with the provisions of the *Credit Union Incorporation Act*.

- 5.2 Other general meetings may be convened and held in accordance with the provisions of the *Credit Union Incorporation Act*.
- 5.3 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 At a general meeting of the Credit Union, twenty-five (25) members shall constitute a quorum, but a lesser number may adjourn from time to time until a quorum is obtained.
- 5.5 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 Board,
 - Report of management,
 - Presentation of financial statements,
 - Report of the auditor,
 - Approval of auditor's report,
 - Report of other committees,
 - Elections,
 - Appointment of auditor,
 - Unfinished business,
 - New business,
 - Good and welfare,
 - Adjournment.
- 5.6 Each person desiring to cast a vote on any issue 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.
- 5.7 (a) Only a member in good standing who is not a junior member may vote on a 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 The chairperson or a director designated by the chairperson shall chair general meetings of the Credit Union.

5.9 Subject to the *Credit Union Incorporation Act* the chairperson shall determine the manner by which voting shall be undertaken at a meeting of the Credit Union.

5.10 Neither a member nor an auxiliary member shall vote by proxy.

RULE 6 ELECTRONIC COMMUNICATIONS

6.1 Subject to the *Credit Union Incorporation Act*, the *Financial Institutions Act* and the *Electronic Transactions Act*, unless these Rules expressly provide otherwise:

- (a) where these Rules require the use of documents that are “written”, “in writing” and other similar words, the Board may in its discretion permit the use of documents in such electronic forms as the Board considers 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 Board may in its discretion permit the provision or delivery of such documents in such electronic form and by such electronic means (including, without limitation, making such electronic documents accessible to the intended recipient by an electronic means notified to the intended recipient) as the Board considers desirable in the circumstances, provided that such electronic documents are accessible by the recipient in a manner useable for subsequent reference and capable of being retained by the recipient in a manner useable for subsequent reference; and
- (c) for the purposes of this Rule 6.1, “document” includes, without limitation, notices, instruments, resolutions and ballots.

RULE 7 SEAL

7.1 The Credit Union may have a corporate seal.

7.2 If the Credit Union has a corporate seal, the Board shall provide for its safe custody at the registered office of the Credit Union or such other place as the Board determines it shall be kept for safekeeping and shall provide for its use.

RULE 8 ALTERATION

8.1 Subject to the *Credit Union Incorporation Act* and the *Financial Institutions Act*, the Credit Union may alter its constitution or these Rules from time to time, by special resolution.

RULE 9 FINANCIAL YEAR END

9.1 The financial year end of the Credit Union is December 31.