

CASCADIA CREDIT UNION

RULES

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CASCADIA CREDIT UNION

RULES

1. INTERPRETATION

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

- (a) **“Affiliate”** means a corporation that is affiliated with another corporation within the meaning of the legislation pursuant to which the first mentioned corporation is incorporated, continued, amalgamated or otherwise recognized;
- (b) **“Amalgamating Credit Unions”** means Summerland Credit Union, Osoyoos Credit Union and Revelstoke Credit Union;
- (c) **“Amalgamation Agreement”** means the amalgamation agreement dated as of June 12, 2025, among the Amalgamating Credit Unions;
- (d) **“Amalgamation Date”** means the date set out in the certificate of amalgamation issued pursuant to section 20(7)(b) of the *Credit Union Incorporation Act* with respect to the amalgamation of the Amalgamating Credit Unions;
- (e) **“Auxiliary Member”** means a person who holds equity shares in the Credit Union, but is not a member of the Credit Union;
- (f) **“Board”** means the board of directors of the Credit Union;
- (g) **“Board Chair”** means the chair of the Board;
- (h) **“Board Committee”** means a committee of individuals appointed or elected by the Board pursuant to these Rules;
- (i) **“Credit Union”** means Cascadia Credit Union;
- (j) **“Credit Union Incorporation Act”** means the *Credit Union Incorporation Act* (British Columbia) from time to time in force and all amendments thereto and regulations made pursuant thereto;
- (k) **“Director”** means a director of the Credit Union for the time being and **“Directors”** means more than one Director;
- (l) **“Director Qualification Policy”** has the meaning given to that term in Rule 9.6;
- (m) **“Election Guidelines”** means the method and manner in which candidates are permitted to campaign for election as may be established by the Nominations and Elections Committee from time to time;
- (n) **“Electronic Meeting”** means a Fully Electronic Meeting or a Partially Electronic Meeting;

- (o) **“Electronic Transactions Act”** means the *Electronic Transactions Act* (British Columbia) from time to time in force and all amendments thereto and regulations made pursuant thereto;
- (p) **“Financial Institutions Act”** means the *Financial Institutions Act* (British Columbia) from time to time in force and all amendments thereto and regulations made pursuant thereto;
- (q) **“Fully Electronic Meeting”** means a meeting in which persons are entitled to participate solely by telephone or other communications medium, as set out in the notice for the meeting, if all persons attending the meeting are able to participate in it, whether by telephone or other communications medium;
- (r) **“Initial Directors”** has the meaning given to that term in Rule 7.1;
- (s) **“Junior Member”** means a member who is under 19 years of age;
- (t) **“Member in Good Standing”** means a member, including a Junior Member, who at the date on which good standing is determined:
 - (i) has purchased, paid for and holds the number of Class “A” Membership Equity Shares required by these Rules to be a member; and
 - (ii) is not more than 90 days delinquent in any obligation to the Credit Union;
- (u) **“Nominations and Elections Committee”** means the committee, appointed by the Board from time to time, which is charged with the conduct of the election of Directors;
- (v) **“Ordinary Resolution”** means a resolution passed by the members of the Credit Union in a general meeting by a simple majority of the votes cast by members;
- (w) **“Partially Electronic Meeting”** means a meeting in which persons are entitled to participate in person or by telephone or other communications medium, as set out in the notice for the meeting, if all persons attending the meeting are able to participate in it, whether by telephone, by other communications medium or in person;
- (x) **“Securities Transfer Act”** means the *Securities Transfer Act* (British Columbia) from time to time in force and all amendments thereto and regulations made pursuant thereto;
- (y) **“Special Resolution”** means a resolution in respect of which notice has been given as required under the *Credit Union Incorporation Act* and under these Rules and that is passed by a majority of not less than two-thirds of the votes cast by members who are entitled to vote and who do so by the methods specified by the *Credit Union Incorporation Act* and under these Rules;
- (z) **“Superintendent”** means the Superintendent of Financial Institutions under the *Financial Institutions Act*; and
- (aa) **“Vice-Chair”** means a vice-chair of the Board.

- 1.2. **Other Meanings.** The meaning of any words or phrases defined in the *Credit Union Incorporation Act*, the *Financial Institutions Act* or the *Electronic Transactions Act* will, if not inconsistent with the subject or context, have the same meaning in these Rules.
- 1.3. **Application of Legislation.** These Rules must be read and applied in conjunction with the *Credit Union Incorporation Act*, the *Financial Institutions Act* and the *Electronic Transactions Act*. Except where such legislation states that the rules of a credit union may provide otherwise, any applicable provision of such legislation that is inconsistent with these Rules shall prevail.

2. MEMBERSHIP

- 2.1. **Application for Membership.** Every application for membership shall be in writing and shall be accompanied by payment in full of the purchase price of the number of Class "A" Membership Equity Shares required to be held by a member under these Rules.
- 2.2. **Membership Share Requirements.** As a condition of admission as a member, a person is required to subscribe and pay for at least five Class "A" Membership Equity Shares.
- 2.3. **Permitted Number of Class "A" Membership Equity Shares.** At the discretion of the Board, members may be permitted to subscribe and pay for Class "A" Membership Equity Shares in excess of five, but not in excess of 1,000.
- 2.4. **Increase in Membership Share Requirements.** The Board may, by resolution, determine that the number of Class "A" Membership Equity Shares required to be owned by a member or a certain type of member (such as, for example, a type of member who is not an individual) shall be increased, provided that:
 - (a) the Board may not determine that the total number of Class "A" Membership Equity Shares required to be owned by a member shall exceed 1,000 Class "A" Membership Equity Shares;
 - (b) on any one occasion, the Board may not determine to increase the number of Class "A" Membership Equity Shares required to be owned by more than 25 Class "A" Membership Equity Shares;
 - (c) a determination by the 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 months of the last such determination; and
 - (e) subject to Rule 2.7, a determination by the Board pursuant to this Rule 2.4 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.
- 2.5. **Credit Union May Transfer Deposits or Shares to Purchase Membership Shares.** If a member does not hold the required number of Class "A" Membership Equity Shares under Rule 2.2 or Rule 2.4 (in the latter case, on expiration of the period of notice described in Rule 2.4), the Credit Union may apply any money on deposit and interest thereon or invested in shares of the Credit Union

from any other class of 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 will hold the number of Class "A" Membership Equity Shares required by Rule 2.2 or Rule 2.4, as applicable.

- 2.6. **Termination of Membership for Insufficient Share Holdings.** If 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 other shares to permit the purchase of sufficient Class "A" Membership Equity Shares pursuant to Rule 2.5, the member shall immediately cease to be a member of the Credit Union in accordance with the *Credit Union Incorporation Act*.
- 2.7. **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 2.4 shall, as a condition of membership, subscribe and fully pay for the increased number of Class "A" Membership Equity Shares required to be held by a member in accordance with such notice.
- 2.8. **Junior Members.**
 - (a) A Junior Member is not entitled to vote, be a Director or be a member of a committee of the Credit Union.
 - (b) A Junior Member becomes a member with full membership rights and obligations on reaching 19 years of age.
- 2.9. **Auxiliary Members.** An Auxiliary Member is not entitled to be a Director or be a member of a Board Committee and, except as expressly provided otherwise in the *Credit Union Incorporation Act*, an Auxiliary Member is not entitled to vote.
- 2.10. **Withdrawal or Termination of Membership.** A member may withdraw from membership, and membership of any member may be terminated, in accordance with the *Credit Union Incorporation Act*.

3. SHARES

- 3.1. **Classes of Shares.** The shares of the Credit Union are divided into three classes of shares designated as Class "A" Membership Equity Shares, Class "B" Investment Equity Shares and Class "C" Investment Equity Shares, each class consisting of an unlimited number of shares.
- 3.2. **Par Value.** All shares have a par value of \$1.00 each.
- 3.3. **No Guarantee.** Money invested in equity shares together with dividends thereon will not be guaranteed by the fund administered by the Credit Union Deposit Insurance Corporation of British Columbia.
- 3.4. **Class "A" Membership Equity Shares.** Class "A" Membership Equity Shares shall have attached thereto the following rights and restrictions:
 - (a) ownership, assignment, transfer and issue of Class "A" 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 all of the Class "A" Membership Equity Shares held by a member upon the happening of any of the following events:
- (i) the termination by the Credit Union of the membership of the member;
 - (ii) the member withdrawing from membership in the Credit Union;
 - (iii) the member is a natural person and dies, subject to Rule 3.10 and subject to any contrary intention of the personal representative of the deceased member to transfer the shares to a person entitled to hold them pursuant to the *Credit Union Incorporation Act* and these Rules;
 - (iv) the member is a partnership or unincorporated association which dissolves; or
 - (v) the member is a society, corporation or any other legal entity and is dissolved, wound-up or otherwise ceases to exist;

provided, however, that the Credit Union may require evidence as to the events described in this Rule 3.4(b) before redeeming Class "A" Membership Equity Shares;

- (c) subject to the *Credit Union Incorporation Act*, the Credit Union may redeem the Class "A" Membership Equity Shares held by a member on such terms and conditions and at such times as the Board, in its discretion, resolves;
- (d) notwithstanding any other provision of this Rule 3.4, but subject to the *Credit Union Incorporation Act*, the amount of Class "A" Membership Equity Shares that the Credit Union may be required to redeem in any financial year is limited to 10% of the amount of Class "A" Membership Equity Shares issued and outstanding on the last day of the immediately preceding financial year; and
- (e) any redemption, purchase, assignment or transfer of Class "A" Membership Equity Shares shall be at par value plus any dividends declared but unpaid thereon.

3.5. **Class "B" Investment Equity Shares.** Class "B" Investment Equity Shares shall have attached thereto the following rights and restrictions:

- (a) Class "B" Investment Equity Shares may only be issued to a member of the Credit Union;
- (b) the Credit Union may redeem any Class "B" Investment Equity Shares on such terms and conditions and at such times as the Board, in its discretion, resolves; and
- (c) any redemption or purchase of Class "B" Investment Equity Shares shall be at par value plus any dividends declared but unpaid thereon.

3.6. **Class "C" Investment Equity Shares.** Class "C" Investment Equity Shares shall have attached thereto the following rights and restrictions:

- (a) Class "C" Investment Equity Shares may only be issued to a member of the Credit Union;

- (b) the Credit Union may redeem any Class “C” Investment Equity Shares on such terms and conditions and at such times as the Board, in its discretion, resolves; and
 - (c) any redemption or purchase of Class “C” Investment Equity Shares shall be at par value plus any dividends declared but unpaid thereon.
- 3.7. **Distribution on Wind-Up.** Subject to the *Credit Union Incorporation Act*, each class of equity shares shall rank rateably with all other classes of equity shares in the event of liquidation, dissolution or winding up of the Credit Union or any other distribution of assets of the Credit Union among the holders of its shares for the purpose of winding up its affairs, whether voluntary or involuntary.
- 3.8. **Minimum and Maximum Number of Shares to be Held.** Subject to the *Credit Union Incorporation Act* and these Rules, the Board 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 or Auxiliary 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.
- 3.9. **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 Board 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.
- 3.10. **Joint Ownership.**
- (a) The Board may, in its discretion, allow equity shares to be held jointly.
 - (b) Each joint holder of Class “A” Membership Equity Shares must hold the minimum number of Class “A” Membership Equity Shares required by these Rules to be a member for each joint holder to be a voting member, otherwise only the first person named on the register of members and auxiliary members shall be entitled to vote in respect of such jointly held shares.
 - (c) Only the first person named on the register of members and auxiliary members for jointly held equity shares other than Class “A” Membership Equity Shares shall be entitled to vote in respect of such jointly held shares.
 - (d) All jointly held equity shares will carry the right of survivorship unless a contrary statement, in writing, is given to the Credit Union and signed by all parties jointly holding the shares.
 - (e) Subject to the *Credit Union Incorporation Act*, the Credit Union will not be required to redeem any equity share that is held jointly with a right of survivorship, until the death of the last joint holder.

- 3.11. **Share Certificates.** The Credit Union will issue share certificates for equity shares other than Class “A” Membership Equity Shares. Each share certificate issued for equity shares must conspicuously state on its face the words “NOT GUARANTEED BY THE CREDIT UNION DEPOSIT INSURANCE CORPORATION”.
- 3.12. **Form of Share Certificate.** Every share certificate issued by the Credit Union will be in such form as the Board approves and will comply with the *Credit Union Incorporation Act*.
- 3.13. **Replacement of Share Certificates.** 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, subject to the *Securities Transfer Act*, on proof of the loss or destruction to the satisfaction of the Board and on giving such indemnity as the Board deems adequate, a new certificate in place of the lost or destroyed certificate will be issued to the party entitled to it.
- 3.14. **Delivery of Share Certificates.** A share certificate registered in the names of two or more persons will be delivered to the person first named on the register of members and auxiliary members.
- 3.15. **Resolution of the Board to Redeem or Purchase Shares.** Subject to the *Credit Union Incorporation Act* and these Rules, the Credit Union may, by Board resolution, redeem or purchase any of its shares on such terms and conditions and at such times as the Board determines.
- 3.16. **Manner of Redemption or Purchase.** If the Credit Union proposes, at its option, to redeem or purchase 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 or purchased will be selected.
- 3.17. **Transfer Subject to Consent of the Board.** No equity shares will be transferred without the previous consent of the Board expressed by a Board resolution, and the Board will not be required to give any reason for refusing to consent to any such proposed transfer.
- 3.18. **Effective Date of Transfer.** No transfer or assignment of equity shares is effective until the register of members and auxiliary members of the Credit Union is completed, indicating the transfer or assignment.
- 3.19. **Instrument of Transfer Required.** No transfer of equity shares will 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*.
- 3.20. **Transfer Registration.** Subject to the *Credit Union Incorporation Act*, its constitution, and these Rules, the Credit Union will, on application of the transferor or transferee of an equity share, enter the name of the transferee on its register of members and auxiliary members.
- 3.21. **Form of Instrument of Transfer.** The instrument of transfer of any equity share will be in the form, if any, on the back of the Credit Union’s share certificates or any other form that the Board approves.

- 3.22. **One Class per Transfer Instrument.** If the Board so requires, each instrument of transfer will be in respect of only one class of shares.
- 3.23. **Presentation of Instrument of Transfer and Share Certificate.** Every instrument of transfer will 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 provide the title of the transferor or the transferor's right to transfer the shares. All instruments of transfer which are registered will be retained by the Credit Union but any instrument of transfer that the Board declines to register will be returned to the person depositing the same, together with the share certificate which accompanied the same when tendered for registration.
- 3.24. **Authorization to Transfer.** The signature of the registered owner of any equity shares or of the registered owner's duly authorized attorney on the instrument of transfer constitutes an authority to the Credit Union to register the shares specified in the instrument of transfer in the name of the person named in that instrument as transferee.
- 3.25. **Credit Union Not Required to Inquire into Title.** Neither the Credit Union nor any Director, officer or agent is required to inquire into the title of the transferor of those equity shares to be transferred or is liable to the registered or any intermediate owner of those shares, for registering the transfer.
- 3.26. **Transfer on Death or Bankruptcy.** Subject to these Rules, the *Credit Union Incorporation Act* and the *Securities Transfer 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* and the *Securities Transfer Act*, or who becomes entitled to a share as a result of an order of a court of competent jurisdiction or a statute, on producing such evidence as the Board deems sufficient that the person is so entitled, may be registered as holder of the share or may transfer the share to a person entitled by these Rules and the *Credit Union Incorporation Act* to hold such share.
- 3.27. **Commissions and Discounts.** 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 will not in the aggregate exceed the amount permitted by the *Credit Union Incorporation Act*.
- 3.28. **Dividends.** Subject to these Rules and the *Credit Union Incorporation Act*:
- (a) the Board, at its discretion, may set terms and conditions for entitlement to dividends for each class of shares, may declare dividends on any class of shares in such amounts and at such times as from time to time determined, and may declare different rates of dividends for different classes of shares;
 - (b) any entitlement to dividends in respect of any class of equity shares shall be non-cumulative; and

- (c) dividends, patronage refunds or bonuses declared, if any, at the discretion of the Board may be paid as an allocation of equity shares, provided that if any such allocation would result in a person holding more equity shares of a particular class than a person is permitted to subscribe for or hold under these Rules or the *Credit Union Incorporation Act*, the Board may credit the excess or any part of that excess to the person's account.

3.29. **Participation Programs.** Subject to the *Credit Union Incorporation Act* and the *Financial Institutions Act*, the Board may develop and offer such participation programs as the Board deems in the best interest of the Credit Union.

4. DEPOSITS

4.1. **Deposit Forms.** The Board may determine the forms by which a person may place monies on deposit and withdraw monies on deposit or request redemption of shares, and the Board may, by resolution, delegate the power to make such determinations.

4.2. **Interest.** Interest on deposits, in the absence of an express contract or agreement, will be paid or credited at times, intervals and in a manner determined by the Board, and the Board may, by resolution, delegate the power to make such determinations.

5. LOANS

5.1. **Board Will Determine Terms of Loans.** Subject to the *Credit Union Incorporation Act* and the *Financial Institutions Act*, the Board will determine the terms and conditions of loans as to interest and other charges, terms of repayment and security, and the Board may, by resolution, delegate the power to make loans and such determinations.

6. BORROWING

6.1. **Borrowing Permitted.** Subject to the *Credit Union Incorporation Act* and the *Financial Institutions Act*, the Board may raise and borrow money for the purposes of the Credit Union upon such terms and conditions as to interest, time, repayment and security as it determines by Board resolution.

7. COMPOSITION OF BOARD OF DIRECTORS

7.1. **Initial Directors.** The initial Directors of the Credit Union and their respective terms of office will be as set out in the Amalgamation Agreement (the "**Initial Directors**").

7.2. **Size of Board of Directors.**

- (a) The number of Directors of the Credit Union as of the Amalgamation Date will be 11.
- (b) The number of Directors of the Credit Union as of the close of the annual general meeting in 2026 will be 10.
- (c) The number of Directors of the Credit Union as of the close of the annual general meeting in 2027 will be nine.

(d) Thereafter, the number of Directors of the Credit Union will be determined from time to time by the Board, but shall be no fewer than seven and no more than 15. If the members have been notified that an election is to take place, the Board may not change the number of Directors until the results of that election have been determined and the newly elected Directors have taken office.

7.3. **Regional Representation.** The Board may, but shall not be obligated to, require from time to time that a certain number of Directors be resident of any region specified by resolution of the Board. Irrespective of any residency requirements, all Directors shall, notwithstanding anything else contained in these Rules, be representatives of and elected by all members of the Credit Union. Any such residency requirements may be modified by the Board in its discretion including, without limitation, reducing or increasing the number of Directors required to be residents of a specific region. The Board may, in its discretion, determine from time to time the criteria for determining residency for the purposes of this Rule.

7.4. **Capacity of Board if a Vacancy.** If the number of Directors in office is less than the required number under Rule 7.2, as a result of death, resignation, disqualification or removal from office or by failure to elect or appoint a Director under these Rules, the remaining Directors, except as provided elsewhere in these Rules, will have all of the powers of the Board until the vacancy or vacancies have been filled by appointment or election.

7.5. **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 person to fill the vacancy who meets the eligibility requirements as set out in these Rules. A person appointed under this Rule 7.5 shall hold office for the remaining term of the vacating Director.

7.6. **Number of Directors Less than Quorum.** Where the number of Directors is reduced below the number set by or under these Rules as the necessary quorum for Directors, the continuing Directors may act for the purpose of filling vacancies up to that number, or of summoning a general meeting of the Credit Union, but for no other purpose.

8. BOARD UPON MERGER

8.1. **Additional Directors.** If the Credit Union enters into an asset transfer agreement to acquire all or substantially all of the assets of another credit union (a “**transferring credit union**”) in accordance with the *Credit Union Incorporation Act*, the Board may appoint as additional Directors of the Credit Union any or all of the persons who were directors of the transferring credit union at the effective date of the asset transfer and designate the term of office of each such person appointed as a Director. Unless determined otherwise by the Board, Directors appointed under this Rule 8.1 shall be in addition to the number of Directors under Rule 7.2.

8.2. **Vacancies After Merger.** When the term of office of a person appointed as a Director pursuant to Rule 8.1 has expired or where the position becomes vacant prior to the expiration of the term of office, no vacancy will be deemed to exist and the number of Directors shall be deemed to have been reduced accordingly.

8.3. **General Eligibility.** When the term of office of a person appointed as a Director pursuant to Rule 8.1 expires or in the event of such person otherwise ceasing to be a Director, such person shall be

eligible as a candidate for election or appointment to fill any other vacancy in the Board provided that such person is not otherwise disqualified by these Rules from being a Director.

9. ELECTION, APPOINTMENT AND REMOVAL OF DIRECTORS

9.1. **Director Elections to be Held.** Each year, Directors will be elected to replace those whose terms expire and a Director whose term expires is eligible for re-election.

9.2. **Length of Term.** Except where a person is appointed under Rule 7.5 to fill the unexpired portion of a term and subject to the provisions of Rules 7.1, 8.1 and 9.7, each person elected as a Director will hold office for a term expiring at the close of the third annual general meeting after the Director has taken office; provided, however, if, for any reason, the terms of the Directors on the Board will not allow for the expiry of a balanced number of the Directors' terms at each successive annual general meeting, the Board may, by resolution, determine the lengths of terms to be served by Directors elected in subsequent elections in such a manner that the Board may return as soon as is practicably possible to a balanced cycle of Directors' terms expiring at each successive annual general meeting; provided, however, no term to be served by a Director may extend beyond the close of the third annual general meeting after the Director has taken office for that term.

9.3. **Eligibility to Act as a Director.** In order to be eligible to stand for election or be appointed as a Director, a person must, for at least one year prior to the date of the person's nomination for election or at least one year prior to the appointment being made:

- (a) have been a Member in Good Standing of the Credit Union;
- (b) have been a member in good standing of an Amalgamating Credit Union; or
- (c) have been a member in good standing of another credit union of which all or substantially all of the assets have been purchased by the Credit Union;

provided, however, if a candidate is nominated by the Nominations and Elections Committee or appointed as a Director by the Board, the eligibility requirement stated in this Rule may be waived by the Nominations and Elections Committee or the Board, as the case may be, but the candidate must become a member of the Credit Union prior to taking office as a Director and otherwise not be disqualified by these Rules from being a Director.

9.4. **Disqualification.** No person is eligible to become or continue as a Director if the person:

- (a) is disqualified from becoming or acting as a director pursuant to the *Financial Institutions Act* or the *Credit Union Incorporation Act*;
- (b) is or becomes an employee of the Credit Union or any of its subsidiaries or Affiliates;
- (c) was an employee of a credit union (including, but not limited to, the Credit Union) or any subsidiary or Affiliate of a credit union at any time during the three-year period prior to the date that nominations for the office of Director under these Rules closed or, in the case of appointment, during the two-year period prior to the date of appointment;

- (d) is a spouse, parent or child of any person referred to in Rule 9.4(b) or 9.4(c);
- (e) is an employee, officer or director of a bank, trust company, loan company, savings and loan association, deposit-taking institution, lending institution or another credit union (other than a director of a central credit union) or a subsidiary or Affiliate of any of them except where that person has been requested or authorized in writing by the 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 or Affiliate of any of them;
- (f) is the spouse of any person referred to in Rule 9.4(e), unless such person is expressly authorized in writing by the Board to become or continue as a Director notwithstanding this Rule 9.4(f); or
- (g) is or has been removed at any time within the previous five years from the position of Director by the Board in accordance with Rule 9.7.

9.5. **Residency Requirement.** If, pursuant to Rule 7.3, the Board has required that a certain number of Directors be resident of a specific region, a person must be resident in such region, in accordance with the criteria established by the Board, on the date of nomination for election or appointment as a Director in order to be eligible to stand for election or be appointed as a Director for such position or positions. If a Director changes residency after election or appointment, that Director shall not, for that reason only, be disqualified from serving the balance of the Director's term of office.

9.6. **Director Qualification Policy.** The Board will, at least annually, determine the required and necessary skills, experience, personal attributes and other criteria of candidates for election or appointment as a Director that are directly aligned to the Credit Union's strategic plan and to its needs for risk oversight, taking into account the background of existing Directors and the specific ongoing needs of the Credit Union and establish a transparent and independent evaluation process to compare candidates to the necessary skills and qualities (the "**Director Qualification Policy**"). The Board shall take an active role in ensuring candidates with the necessary skills and qualities as outlined in the Director Qualification Policy are recruited.

9.7. **Removal of Directors.** A person may be removed as a Director by a Board resolution passed by not less than two-thirds of the remaining Directors if that Director:

- (a) has failed, without being excused for reasonable circumstances by the Board Chair (or, in the case of the Board Chair, a Vice-Chair), to attend:
 - (i) three consecutive regular meetings of the Board;
 - (ii) three consecutive regular meetings of a Board Committee to which the Director has been appointed or elected; or
 - (iii) more than a total of four regular meetings of the Board and any Board Committee to which the Director has been appointed or elected in any financial year;
- (b) ceases to be a Member in Good Standing;

- (c) owns or controls a 50% or greater interest in an incorporated or unincorporated entity which is more than 90 days delinquent in any obligation to the Credit Union;
- (d) has breached these Rules or the Election Guidelines when the Director was a candidate for election as a Director;
- (e) has breached the conflict of interest policy, the code of conduct & ethics or the code of performance standards for Directors, adopted by the Board from time to time; or
- (f) has breached the confidentiality of any proceedings, deliberations or information of the Board;

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

10. NOMINATIONS

10.1. **Nominations and Elections Committee.** At least 120 days before an annual general meeting, the Board will appoint a Nominations and Elections Committee of not less than three Directors, provided that no Director standing for office in the election may serve on the Nominations and Elections Committee. The Nominations and Elections Committee will be charged with the conduct of the election of Directors and will be responsible for:

- (a) evaluating candidates based on, and in accordance with, the Director Qualification Policy and any residency requirements established by the Board pursuant to Rule 7.3;
- (b) identifying, recruiting and, if considered appropriate by the Nominations and Elections Committee, endorsing or recommending candidates for election as Directors;
- (c) preparing for delivery to the members the notice of election required by Rule 11.4;
- (d) monitoring the conduct of candidates during the election process and, if a candidate has campaigned in any method or manner in contravention of the Election Guidelines, addressing the contravention in accordance with Rule 10.11; and
- (e) conducting the nomination and election of Directors in accordance with these Rules.

10.2. **Nominations.** At least 90 days before an annual general meeting, the Nominations and Elections Committee will, if an election is to be held:

- (a) notify members of the Credit Union that an election of Directors is to take place, specifying the number of positions to be filled and, to the extent applicable, the regions in which candidates must be resident in order to be eligible for election;

- (b) communicate to members in a clear manner the necessary skills and qualities of candidates for election as a Director and the evaluation process for assessing whether a candidate possesses such skills and qualities; and
 - (c) invite the submission to it, in writing, the names of proposed candidates, prior to the date on which nominations close, which will be specified in the notice and be a date not less than 30 days from the date of the notice.
- 10.3. **Number of Nominations per Member.** No member, unless they are a member of the Nominations and Elections Committee, may nominate more than one candidate to stand for election each year.
- 10.4. **Candidate Declaration.** Every candidate for election or appointment as a Director will file with the Nominations and Elections Committee, in the case of election, or with the Board, in the case of appointment, in forms prescribed by the Board, a written declaration stating that the candidate:
- (a) is not disqualified under Rule 9.3 or 9.4 to act as a Director;
 - (b) is willing to stand for election or be appointed, and if elected or appointed, to serve as a Director;
 - (c) if elected or appointed, will comply with the provisions of these Rules, the *Credit Union Incorporation Act* and the *Financial Institutions Act*;
 - (d) if elected or appointed, will comply with the conflict of interest policy, the code of conduct & ethics and the code of performance standards for Directors, adopted by the Board from time to time; and
 - (e) in the case of an election, will comply with these Rules and the Election Guidelines with respect to the conduct of the election.
- 10.5. **Candidate Interview.** Before the name of a member is placed in nomination as a candidate for election as a Director, that member must attend an interview with the Nominations and Elections Committee, at the time and place (if any) specified by the Nominations and Elections Committee, unless the requirement to attend such interview has been waived by the Nominations and Elections Committee.
- 10.6. **Acceptance of Nominations.** The Nominations and Elections Committee will examine each nomination received and determine whether the nomination complies with the *Credit Union Incorporation Act*, the *Financial Institutions Act*, these Rules and any residency requirements established by the Board pursuant to Rule 7.3, and will 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 candidate accordingly, and promptly after the date on which nominations close:
- (a) place into nomination the names of all qualified candidates nominated by the Nominations and Elections Committee and all qualified candidates nominated in writing by at least three Members in Good Standing of the Credit Union;

- (b) inform each candidate of the provisions of these Rules and the Election Guidelines with respect to the conduct of the election and provide to each candidate a copy of these Rules and the Election Guidelines; and
 - (c) request that each candidate complete the personal information return required to be submitted to the Superintendent pursuant to the *Financial Institutions Act*.
- 10.7. **Conflicts of Interest.** At the time of nomination, every nominated candidate will make a statement of all known conflicts of interest between the candidate and the Credit Union in a form as prescribed by the Nominations and Elections Committee.
- 10.8. **Election Guidelines.** The Nominations and Elections Committee may, from time to time, determine the Election Guidelines.
- 10.9. **Candidate Information Sessions.** A candidate must attend at least one of the information sessions held for candidates, unless the requirement to attend an information session has been waived by the Nominations and Elections Committee. If a candidate fails, without being excused for reasonable circumstances by the Nominations and Elections Committee, to attend at least one of the required information sessions, the candidate will be disqualified from the election then in progress and be deemed ineligible to serve as a Director for such election.
- 10.10. **Rejection of Candidacy.** If the Nominations and Elections Committee resolves that a member's nomination information is false, incomplete or misleading in any material respect or that the candidacy is frivolous, vexatious or for the purpose of harming the Credit Union, the Nominations and Elections Committee may reject the member's candidacy.
- 10.11. **Disqualification.** If, in the opinion of the Nominations and Elections Committee, a candidate or person representing the candidate campaigns in any method or manner in contravention of the Election Guidelines, the Nominations and Elections Committee will contact the candidate to request the candidate comply with the Election Guidelines. If the candidate fails to comply immediately with such request, the Nominations and Elections Committee may make a determination as to whether the candidate should be disqualified. The candidate shall be given at least three business days' written notice of the proposed disqualification, together with a summary of the conduct on the part of the candidate (or the candidate's representative) giving rise to the proposed disqualification, and the candidate will have three business days to provide a written response to the conduct allegations. The Nominations and Elections Committee may thereupon address the issue of the candidate's disqualification as it deems appropriate, and in particular, the Nominations and Elections Committee may impose conditions on the continued candidacy or disqualify the candidate from the election. If the Nominations and Elections Committee decides to disqualify the candidate, the Nominations and Elections Committee will give written notice of such disqualification specifying the reasons for disqualification to the candidate within three business days of disqualification. If a candidate has been disqualified, no vote cast in favour of that candidate will be counted in the tally of ballots, but the ballots will not otherwise be deemed to be void with respect to votes for other candidates on the ballots. The decision of the Nominations and Elections Committee will be final, conclusive and binding on the candidate.

10.12. **Acclamation.**

- (a) If the number of qualified persons nominated for the election is equal to the number of positions to be filled, those persons will be declared elected by acclamation.
- (b) If the number of qualified persons nominated for the election to be held is less than the number of positions to be filled, the persons so nominated will be declared elected by acclamation. The Board may appoint members to the remaining position(s) and advise the members at the annual general meeting of such appointment(s).
- (c) Where any offices of Directors being filled are for different lengths of terms and the offices are filled by an election by acclamation, the term of each person declared elected by acclamation will be decided by lot by the Board.

10.13. **If Election Required.** If the number of qualified persons nominated for the election exceeds the number of offices to be filled, the election process described in Rule 11 will apply.

11. ELECTION PROCESS

11.1. **Method of Voting.** Subject to the *Credit Union Incorporation Act* and the *Electronic Transactions Act*, the Board shall determine the method of voting in an election of Directors, which may include voting by:

- (a) mail ballot;
- (b) ballot at a branch office;
- (c) electronic means; or
- (d) any combination of the above methods of voting.

11.2. **Returning Officer.** The Board may appoint a returning officer for an election. The returning officer may, but need not be, a member of the Credit Union, but the returning officer will not be a Director. Where a returning officer is appointed, the returning officer will be appointed at least 60 days prior to the date on which voting in an election is to commence.

11.3. **Resources for Elections.** The Nominations and Elections Committee and the returning officer, if any, may engage such other resource persons as the Board and the Nominations and Elections Committee or returning officer may agree are required to conduct the election in a proper manner.

11.4. **Notice of Election to Members.** Where an election is to be held, the Nominations and Elections Committee will provide, at least 30 days before the annual general meeting, to all members of the Credit Union entitled to vote:

- (a) a list of each of the candidates for election;

- (b) such information regarding the candidates as may be determined by the Nominations and Elections Committee in its sole discretion and instructions on how additional information regarding the candidates for election may be obtained;
- (c) if the Nominations and Elections Committee chooses to endorse or recommend a candidate or candidates, an indication of which candidate or candidates the Nominations and Elections Committee endorses or recommends;
- (d) clear and precise instructions for voting;
- (e) notice of the dates and times during which voting in the election will take place;
- (f) a list of conditions under which members will be eligible to vote in the election;
- (g) a ballot by electronic or non-electronic means, listing the names of the candidates in an order chosen by lot by the Nominations and Elections Committee; and
- (h) if the Board has determined that voting may be conducted by mail ballot or by ballot at a branch office and ballots are provided solely by electronic means, advice of the right of each member to:
 - (i) if voting may be conducted by mail ballot, request in writing, by telephone or in person at a branch of the Credit Union, not less than 10 days prior to the close of voting, that a non-electronic ballot be provided to the member by mail, which ballot may then be cast by mail; or
 - (ii) if voting may be conducted by ballot at a branch office, request in person at a branch of the Credit Union, prior to the close of voting, that a non-electronic ballot be made available to the member, which ballot may then be cast at a branch of the Credit Union.

11.5. **Non-Electronic Ballots.** If the Nominations and Elections Committee decides to provide ballots by non-electronic means with the notice of election or if a member requests a ballot under Rule 11.4(h), the Nominations and Elections Committee will provide with the notice of election or to the member, as the case may be:

- (a) a ballot listing the names of all candidates in the order chosen by lot by the Nominations and Elections Committee;
- (b) one or more envelopes, which may be included as part of the ballot and bearing the address of the Credit Union or the returning officer, which envelope(s) will allow for verification of the voting member, and provide for confidentiality of voting; and
- (c) clear instructions for casting the ballot and return of the ballot, whether by mail or drop-off at a branch of the Credit Union, which will specify the day 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.

11.6. **Close of Voting.** No ballot will be counted in the election unless:

- (a) if a mail ballot, the ballot is post-marked no later than the last day of the election as stated in the notice of election and the ballot is actually received by the Credit Union or the returning officer before the close of business of the Credit Union on the fifth business day following the last day of the election as stated in the notice of election;
 - (b) if a ballot dropped-off at a branch, the ballot is actually received by the Credit Union or the returning officer before the close of business of the Credit Union on the last day of the election as stated in the notice of election; and
 - (c) if a ballot cast by electronic means, the ballot is actually received by the Credit Union or the returning officer before 11:59 p.m. on the last day of the election as stated in the notice of election.
- 11.7. **Multiple Ballots.** If a member casts more than one ballot in an election, all of the ballots cast by the member will be void and none of them will be counted in the tally of ballots; provided, however, if one of the ballots is an electronic ballot and the other ballot is a non-electronic ballot, the electronic ballot will be counted in the tally of ballots and the non-electronic ballot will not be counted.
- 11.8. **Validity of Ballots.** A ballot must contain votes for the number of persons to be elected and a ballot indicating another intention is void; provided, however, no member may cast more than one vote for a candidate.
- 11.9. **Voting, Counting and Announcement of Results.** The returning officer or, if there is no returning officer, the Nominations and Elections Committee, will supervise the election and:
- (a) may require a member to provide proof of membership and a declaration that the member has not previously cast a ballot in the election then in progress;
 - (b) will arrange for receipt of all ballots returned by any method or combination of methods as determined by the Board, and, after the close of voting, will cause a tally to be made of all such ballots, in a manner that ensures the confidentiality of voting;
 - (c) will determine whether a ballot is to be accepted or rejected and such determination is final and not open to review;
 - (d) will, as soon as practicable following the close of voting, communicate the results of the election (including the number of votes received by each candidate) to the chair of the Nominations and Elections Committee or, if there is no returning officer, to the Board, following which the Board Chair (or another Director designated by the Board if the Board Chair is a candidate in the election) and the chief executive officer of the Credit Union will communicate such information to each of the candidates for election; and
 - (e) will announce the results of the election to the membership at the next annual general meeting following completion of voting or, if the election results with respect to the election are not determined by the close of the annual general meeting, then as soon thereafter as the results are determined.

- 11.10. **Posting of Results.** A listing of the candidates and the number of votes received by each candidate from highest to lowest shall be posted on the website of the Credit Union on the next business day following the annual general meeting (or, if the election results are not determined by the close of the annual general meeting, then as soon thereafter as the results are determined) and shall remain posted on the website for at least 10 business days.
- 11.11. **Varying Terms.** Subject to Rule 11.12, where any offices of Directors being filled at any election are for different lengths of terms, the term of each person will be determined in proportion to the number of votes received, the person receiving the greatest number of votes to hold office for the longest term.
- 11.12. **Ties.** In any election, if there are two or more persons having an equal number of votes, the successful candidates or the lengths of terms of office, as the case may be, will be decided by lot by the Nominations and Elections Committee.
- 11.13. **Recounts.** If the margin for the least successful elected candidate or candidates in the election is less than 20 votes in excess of the most successful of the unelected candidates in that election, a recount of votes cast at such election may be held, provided that:
- (a) such recount shall have been initiated by any unsuccessful candidate within the 20 vote margin by notice in writing delivered to the registered office of the Credit Union (for the attention of the chair of the Nominations and Elections Committee) within five business days from the date upon which the election results were communicated to the unsuccessful candidate in accordance with Rule 11.9(d);
 - (b) no recount will be initiated for any purpose other than determining the successful candidate(s) for election and only the votes (including those contained in any spoiled or rejected ballots) affecting those candidates whose election may be in doubt shall be considered (i.e., the votes of any candidate or candidates who have been elected or have failed to be elected by a margin of less than 20 votes); and
 - (c) if the length of term of office of any candidate shall incidentally be affected by any such recount, such length of term of office shall be determined by such recount.
- 11.14. **Recount Procedure.** If a recount shall have been initiated in accordance with Rule 11.13, the chair of the Nominations and Elections Committee shall, within five business days after receipt of such written notice requesting a recount, direct the returning officer, or if there is no returning officer, the Nominations and Elections Committee (as it was comprised at the time of the election) to conduct the recount tally. The returning officer or, if there is no returning officer, the Nominations and Elections Committee, shall conduct and determine the required recount within 10 business days of the date the request was received by the returning officer or the Nominations and Elections Committee (as the case may be) to conduct a recount, and the result of any such recount shall be final, conclusive and binding on all persons involved in that election or affected thereby. In conducting such recount, the returning officer or, if there is no returning officer, the Nominations and Elections Committee shall:
- (a) notify every candidate concerned in the election of the time, date and place of the recount;

- (b) permit every candidate concerned in the election to attend the recount, either in person or by scrutineer appointed in writing by the candidate to attend on the candidate's behalf;
- (c) in considering the validity of any ballot, be bound by the voting instructions previously prescribed for the election by the Nominations and Elections Committee;
- (d) in the event of a tie resulting from any such recount, determine the successful candidate by lot; and
- (e) submit a final report to the chair of the Nominations and Elections Committee or, if there is no returning officer, to the Board Chair, within five days after making the final determination.

11.15. **Posting of Recount Results.** If, as a result of any such recount, there is a change in the successful candidates for election, or any change in the length of term of office of any elected candidate, the fact of such result and the number of votes received by each candidate from highest to lowest, as confirmed pursuant to the recount, will be posted on the website of the Credit Union and will remain posted for at least 10 business days after the chair of the Nominations and Elections Committee or the Board has received the final report from the returning officer or the Nominations and Elections Committee, as the case may be.

11.16. **When Directors Take Office.** Subject to the *Financial Institutions Act*, a person elected as a Director will take office at the close of the annual general meeting next following the person's election or, if the election results with respect to the election of that person are not determined by the close of the annual general meeting, then as soon thereafter as the results are determined provided that, for the purpose of determining that person's length of term, the person shall be deemed to have taken office at the close of the annual general meeting.

12. PROCEEDINGS OF THE BOARD

12.1. **Frequency of Meetings.** The Board will meet as needed and at least once each quarter.

12.2. **Calling Meetings.** The Board Chair may call a meeting of the Board at any time and will within 14 days of receipt of written request of three Directors call a meeting of the Board.

12.3. **Notice of Meetings.** At least 24 hours' notice will be given of meetings of the Board by personal delivery, mail, telephone, email or any other electronic means, but a Director may waive notice of any past or present meeting of the Board. Attendance at a meeting shall be deemed to be a waiver of such notice. It will not be necessary to give notice of a meeting of the Board to any Director if such meeting is to be held immediately following a general meeting at which such Director has taken office or is the meeting 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 Directors will not invalidate the proceedings of that meeting, except where a quorum as set out in Rule 12.4 is not met.

12.4. **Quorum.** A quorum of a meeting of the Board consists of a majority of the Directors. A lesser number may adjourn from time to time until a quorum is obtained.

- 12.5. **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 12.4.
- 12.6. **Board Officers and Statutory Committees.** At the first meeting of the Board following each annual general meeting, the Board will elect from among themselves a Board Chair and Vice-Chair(s) and appoint or elect such additional officers from among themselves as they consider necessary. At such meeting, the Board will also appoint or elect such Board Committees as may be required by the *Credit Union Incorporation Act* and the *Financial Institutions Act*, provided that the composition of such Board Committees shall be consistent with the requirements of the *Credit Union Incorporation Act* and the *Financial Institutions Act*, as applicable.
- 12.7. **Appointment of Officers and Employees.** The Board will appoint the president, the chief executive officer and the secretary, and may appoint or authorize the appointment of such additional officers and employees as may be required for the proper operation of the Credit Union.
- 12.8. **Duties of Board Chair.** The Board Chair will preside at each meeting of the Board and perform such other duties as may be required of the Board Chair under these Rules and, subject to the *Credit Union Incorporation Act*, the *Financial Institutions Act* and these Rules, as may be determined by the Board from time to time.
- 12.9. **Duties of Vice-Chair(s).** If the Board Chair is absent or is unable for any reason to act, a Vice-Chair or such other Director as may be designated by the Board will discharge the duties of the Board Chair. If, after the election of the Board Chair under Rule 12.6, the office of the Board Chair becomes vacant, the Board will meet within 30 days of such vacancy to elect a new Board Chair and, if applicable, a new Vice-Chair.
- 12.10. **Rules of Order.** Subject to the *Credit Union Incorporation Act* and the *Financial Institutions Act*, the Board 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" will be used.
- 12.11. **Meetings by Telecommunications.** A meeting of the Board or of a Board Committee may be held by telephone or other communications medium if all Directors or Board Committee members attending the meeting are able to participate in it, whether by telephone, by other communications medium or in person, provided that, in the case of an in person meeting or Partially Electronic Meeting of the Board, a majority of the Directors participating in the meeting are in British Columbia at the time of the meeting. A Director or Board Committee member who participates in the meeting in accordance with this Rule will be deemed to be present at the meeting and counted in the quorum for such meeting.
- 12.12. **Delegation of Powers.** Subject to the *Credit Union Incorporation Act* and the *Financial Institutions Act*, the Board may delegate any of its powers to:
- (a) committees consisting of not fewer than three individuals who are such persons as the Board may think fit; and
 - (b) such officer or officers as the Board thinks fit;

and may from time to time revoke any such delegations.

- 12.13. **Terms of Reference.** Subject to the *Financial Institutions Act*, any Board Committee will, in the exercise of the powers delegated to it, conform to any terms and conditions that may from time to time be imposed upon it by the Board.
- 12.14. **Quorum for Board Committee.** A majority of the members of a Board Committee will constitute a quorum.
- 12.15. **Role of Board Chair on Board Committees as Ex Officio Member.** Where the Board Chair serves as a member of a Board Committee solely on an *ex officio* basis, the Board Chair will not be counted in determining the quorum for the Board Committee and will not have a vote at meetings of that Board Committee, unless otherwise stated in the terms of reference adopted by the Board for such Board Committee.
- 12.16. **Consent Resolution.** A Board resolution or a Board Committee resolution, whether or not in counterpart, may be passed without a meeting if all the Directors or the members of the Board Committee, as the case may be, consent to the resolution in writing.
- 12.17. **Remuneration of Directors.** The remuneration, if any, of the Directors in relation to their service as Directors may be established, from time to time, by the Board.
- 12.18. **Indemnification of Directors.** Subject to the limitations contained in the *Financial Institutions Act*, the Credit Union will indemnify:
- (a) each director and officer of the Credit Union;
 - (b) each former director and officer of the Credit Union; and
 - (c) each individual 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 any amount paid to settle any action or proceeding or satisfy any judgment, reasonably incurred for any civil, criminal or administrative action or proceeding, whether threatened, pending, continuing or completed, to which the director or officer is made a party by reason of being or having been a director or officer of the Credit Union or the corporation, if:
- (d) the director or officer acted honestly and in good faith with a view to the best interests of the Credit Union or the corporation, as the case may be; and
 - (e) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the director or officer had reasonable grounds for believing that the conduct was lawful.

Subject to applicable laws, 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 will pay an amount

by way of indemnity that will fully indemnify for the amount of all liabilities described in this Rule 12.18 and all income taxes payable as a result of the receipt of the indemnity payment.

13. GENERAL MEETINGS

- 13.1. **Date of Annual General Meeting.** The annual general meeting of the Credit Union will be held on the day, hour and, if applicable, place to be fixed by the Board and will be convened and held in accordance with the provisions of the *Credit Union Incorporation Act*.
- 13.2. **Other General Meetings.** Other general meetings may be convened by the Board and held in accordance with the provisions of the *Credit Union Incorporation Act*.
- 13.3. **Multiple Locations.** General meetings, including the annual general meeting, may be convened by holding two or more meetings at different times and, if applicable, different places, which meetings together will constitute a single meeting, if convened and held in accordance with the provisions of the *Credit Union Incorporation Act*.
- 13.4. **Electronic Meetings.** The Credit Union may hold a general meeting in person, by a Partially Electronic Meeting or by a Fully Electronic Meeting, as determined by the Board, if convened and held in accordance with the provisions of the *Credit Union Incorporation Act*. If a general meeting is an Electronic Meeting, the notice must contain instructions for attending and participating in the meeting by telephone or other communications medium, including, if applicable, instructions for voting at the meeting.
- 13.5. **Class Meetings.** Any meeting of holders of any class of shares may be convened by the Board and the provisions of these Rules with respect to general meetings will be applicable to such meetings of holders of any class of shares, except as specifically provided in these Rules and unless the subject or context requires otherwise.
- 13.6. **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" will be used.
- 13.7. **Quorum.**
 - (a) At a general meeting of the Credit Union, 25 members will constitute a quorum, but a lesser number may adjourn from time to time until a quorum is obtained.
 - (b) If a general meeting is held at different times and, if applicable, different places, the quorum for such meeting will be a combined total of 25 members, but a lesser number may adjourn from time to time until a quorum is obtained.
 - (c) At any meeting of holders of any class of shares other than a general meeting of members, the quorum for such meeting will be such person or persons holding not less than 5% of the aggregate amount paid up on such class of shares.
- 13.8. **Order of Business.** Business to be conducted at an annual general meeting shall be such business as may be required by the *Credit Union Incorporation Act* or these Rules, and such other business as may be determined by the Board.

- 13.9. **Ordinary Resolutions.** In order for an Ordinary Resolution or other matter which is proposed by a member of the Credit Union to be eligible for consideration at an annual general meeting, it must be submitted to the Credit Union in advance in accordance with the *Credit Union Incorporation Act*, provided, however, this Rule 13.9 does not apply to Ordinary Resolutions or other matters invited by the Board Chair at an annual general meeting.
- 13.10. **Permitted Attendees.** The only persons entitled to be present at a general meeting will be:
- (a) those entitled to vote;
 - (b) the Directors;
 - (c) the auditor of the Credit Union; and
 - (d) others who, although not entitled to vote, are entitled or required under any provision of the *Credit Union Incorporation Act*, the *Financial Institutions Act* or these Rules to be present at the meeting.

Any other person may be admitted only on the invitation of the Board or with the consent of the meeting.

- 13.11. **Membership Declaration.** Each person desiring to cast a vote on any issue at a general meeting will, on request, present evidence of age, identity and membership and a declaration that the member has not previously voted on the issue then being considered.
- 13.12. **Board Chair.** The Board Chair will chair general meetings of the Credit Union. If the Board Chair is absent or is unable for any reason to act, a Vice-Chair or such other Director as may be designated by the Board will discharge the duties of the Board Chair.
- 13.13. **Decorum.** At a general meeting, the Board Chair may refuse entry to, or request removal of, any individual the Board Chair determines, in the Board Chair's sole discretion, is acting in an abusive, hostile, bullying, harassing or disruptive manner or has persistently failed to comply with directions or orders of the Board Chair. If the meeting is an Electronic Meeting, the Board Chair may, in the Board Chair's sole discretion, elect to mute such individual or request that the individual disconnect or be disconnected from the meeting.
- 13.14. **Method of Voting.** Subject to the *Credit Union Incorporation Act* and these Rules, voting at a general meeting of the Credit Union will be by show of hands, unless the Board Chair determines to permit voting by a written vote or electronic means and such means are made available.

14. SPECIAL RESOLUTIONS

- 14.1. **Special Resolution Required.** Subject to the *Credit Union Incorporation Act*, the Credit Union may alter its constitution or these Rules by Special Resolution from time to time.
- 14.2. **Method of Voting.** Subject to the *Credit Union Incorporation Act* and the *Electronic Transactions Act*, the Board shall determine the method of voting on a Special Resolution, which may include voting by:

- (a) mail ballot;
 - (b) ballot at a branch office;
 - (c) electronic means; or
 - (d) any combination of the above methods of voting.
- 14.3. **Returning Officer.** The Board may appoint a returning officer for a vote on a Special Resolution. The returning officer may, but need not be, a member of the Credit Union, but the returning officer will not be a Director. Where a returning officer is appointed, the returning officer will be appointed at least 60 days prior to the date on which voting on the resolution is to commence.
- 14.4. **Resources for Vote.** The Board and the returning officer, if any, may engage such other resource persons as the Board and the returning officer may agree are required to conduct the vote in a proper manner.
- 14.5. **Notice of Resolution.** At least 18 days before the last day of voting specified under Rule 14.5(c), the Board will provide to each eligible member entitled to vote on a Special Resolution:
- (a) the wording of the proposed Special Resolution or, if the Special Resolution is lengthy, a summary description of the change or action proposed to be made by the Special Resolution accompanied by instructions for how to access the wording of the Special Resolution by electronic means (including, but not limited to, on the website of the Credit Union) and in any branch of the Credit Union;
 - (b) clear and precise instructions for voting;
 - (c) notice of the dates and times during which voting on the Special Resolution will take place;
 - (d) a ballot by electronic or non-electronic means; and
 - (e) if the Board has determined that voting may be conducted by mail ballot or by ballot at a branch office and ballots are provided solely by electronic means, advice of the right of each member to:
 - (i) if voting may be conducted by mail ballot, request in writing, by telephone or in person at a branch of the Credit Union, not less than 10 days prior to the close of voting, that a non-electronic ballot be provided to the member by mail, which ballot may then be cast by mail; or
 - (ii) if voting may be conducted by ballot at a branch office, request in person at a branch of the Credit Union, prior to the close of voting, that a non-electronic ballot be made available to the member, which ballot may then be cast at a branch of the Credit Union.

- 14.6. **Non-Electronic Ballots.** If the Board decides to provide ballots by non-electronic means with the notice of the Special Resolution or if a member requests a ballot under Rule 14.5(e), the Board will provide with the notice of Special Resolution or to the member, as the case may be:
- (a) a ballot, which includes a space to enable the member to indicate whether the member is in favour of or opposed to the Special Resolution;
 - (b) one or more envelopes, which may be included as part of the ballot and bearing the address of the Credit Union or the returning officer, which envelope(s) will allow for verification of the voting member, and provide for confidentiality of voting; and
 - (c) clear instructions for casting the ballot and return of the ballot, whether by mail or drop-off at a branch of the Credit Union, which will specify the day 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.
- 14.7. **Close of Voting.** No ballot will be counted for the vote on the Special Resolution unless:
- (a) if a mail ballot, the ballot is post-marked no later than the last day of voting as stated in the notice of resolution and the ballot is actually received by the Credit Union or the returning officer before the close of business of the Credit Union on the fifth business day following the last day of voting as stated in the notice of resolution;
 - (b) if a ballot dropped-off at a branch, the ballot is actually received by the Credit Union or the returning offer before the close of business of the Credit Union on the last day of voting as stated in the notice of resolution; and
 - (c) if a ballot cast by electronic means, the ballot is actually received by the Credit Union or the returning officer before 11:59 p.m. on the last day of voting as stated in the notice of resolution.
- 14.8. **Multiple Ballots.** If a member casts more than one ballot on a Special Resolution, all of the ballots cast by the member will be void and none of them will be counted in the tally of ballots; provided, however, if one of the ballots is an electronic ballot and the other ballot is a non-electronic ballot, the electronic ballot will be counted in the tally of ballots and the non-electronic ballot will not be counted.
- 14.9. **Voting and Counting of Ballots.** The returning officer or, if there is no returning officer, the Board, will supervise the vote and:
- (a) may require a member to provide proof of membership and a declaration that the member has not previously cast a ballot on the Special Resolution then being considered;
 - (b) will arrange for receipt of all ballots returned by any method or combination of methods as determined by the Board and, after the close of voting, will cause a tally to be made of all such ballots, in a manner that ensures the confidentiality of voting;
 - (c) will determine whether a ballot is to be accepted or rejected and such determination is final and not open to review; and

- (d) will communicate the results of the vote on the Special Resolution to the Board Chair within seven days of the tally of the ballots.
- 14.10. **Results.** The Board will announce the results of the vote on a Special Resolution to the members within 60 days of the last day of voting as stated in the notice of resolution. Until such time, the Board will keep the results confidential.
- 14.11. **Filing with Superintendent.** The Credit Union will file with the Superintendent every Special Resolution passed by its members.
- 14.12. **Separate Resolutions.** The provisions of these Rules and of the *Credit Union Incorporation Act* relating to notice of and voting on Special Resolutions shall apply, with the necessary changes and so far as are applicable, to separate resolutions of the holders of any class of equity shares, other than the Class "A" Membership Equity Shares.

15. VOTING

- 15.1. **Voting Eligibility for Election or Special Resolution.** To be eligible to vote in an election or on a Special Resolution a person must:
 - (a) have been a Member in Good Standing, other than a Junior Member, on the day which is 90 days prior to the commencement of voting; or
 - (b) have been a member, other than a Junior Member, of another credit union, of which all or substantially all of the assets have been purchased by the Credit Union, on the day which is 90 days prior to the commencement of voting.
- 15.2. **Voting Eligibility at General Meetings.** To be eligible to vote at a general meeting of the Credit Union, a person must:
 - (a) have been a Member in Good Standing, other than a Junior Member, on the day which is 60 days prior to the date the general meeting is to be held; or
 - (b) have been a member, other than a Junior Member, of another credit union, of which all or substantially all of the assets have been purchased by the Credit Union, on the day which is 60 days prior to the date the general meeting is to be held.
- 15.3. **Number of Votes.** Subject to the *Credit Union Incorporation Act* and these Rules, no member has more than one vote on a resolution or in an election of Directors and no Auxiliary Member has more than one vote on a separate resolution.
- 15.4. **Voting by Non-Individual Members.** A member of the Credit Union who is not an individual or an unincorporated association may be represented and vote at meetings of the Credit Union by an individual who:
 - (a) is not a member; and
 - (b) by written authorization deposited with the Credit Union, is authorized to vote at the meeting on behalf of the member.

- 15.5. **Voting by Unincorporated Associations.** A member of the Credit Union who is an unincorporated association may be represented and vote at meetings of the Credit Union by an individual who:
- (a) is a member of the Credit Union; and
 - (b) by written authorization deposited with the Credit Union, is authorized to vote at the meeting on behalf of the unincorporated association.
- 15.6. **No Proxy Voting.** Except as contemplated in Rules 15.4 and 15.5, no member or Auxiliary Member may vote by proxy.
- 15.7. **Labour Disruption.** If mail service is not available or becomes unavailable during the voting period in an election of Directors or on a Special Resolution and the Credit Union has made available voting by mail ballot, the Credit Union may post a notice on a website maintained by or on behalf of the Credit Union that it will accept any mail ballots by drop-off at a branch before the close of business of the Credit Union on the last day of voting as stated in the notice of election or resolution, as applicable, and, notwithstanding the unavailability of mail service, the Credit Union shall not be required to include ballots sent by mail in the tally of ballots if they are not actually received by the Credit Union or the returning officer within the time frames stated in Rule 11.6(a) or Rule 14.7(a), as applicable.

16. NOTICES

- 16.1. **Notice of General Meeting and Special Resolutions.** Subject to the *Credit Union Incorporation Act* and these Rules, the Board will give at least 18 days' notice of each general meeting and each Special Resolution to each member of the Credit Union and to the Superintendent.
- 16.2. **Deemed Date of Delivery.**
- (a) If a notice, statement or report is sent by post, service or delivery of it is deemed to be effected by properly addressing, prepaying and mailing the notice, statement or report, and the service or delivery is deemed to have been effected five days, Saturdays, Sundays and holidays excepted, following the date of mailing.
 - (b) If mail service is not available and an intended recipient has not agreed to another manner for the sending of a notice, the notice may be given by posting it on a website maintained by or on behalf of the Credit union.
- 16.3. **Accidental Omission.** Where a call for nominations or notice of an election, meeting or resolution of the Credit Union is received generally by members and, if applicable, Auxiliary Members, of the Credit Union, the accidental omission to give the call for nominations or notice to any member or Auxiliary Member or the non-receipt thereof by any member or Auxiliary Member will not invalidate the election, resolution passed or proceedings taken at the meeting.
- 16.4. **Members Occupying Same Home.** If a member consents in writing to the giving of notice of elections, general meetings and Special Resolutions to another member who occupies the same home as the member, notice to that other member is effective notice to the person consenting.

- 16.5. **Junior Members.** The Credit Union need not give notice of an election, a general meeting or a Special Resolution to a Junior Member.
- 16.6. **Electronic Communications.** Subject to the *Credit Union Incorporation Act*, the *Financial Institutions Act* and the *Electronic Transactions Act*, unless these Rules expressly provide otherwise:
- (a) where those 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, the *Credit Union Incorporation Act* or the *Financial Institutions Act* 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 attaching such document to the member’s regular statement) 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 16.6, “**document**” includes, without limitation, notices, instruments, resolutions, ballots and financial statements.

17. SEAL

- 17.1. **Seal Optional.** The Credit Union may have a corporate seal.
- 17.2. **Custody of Seal.** If the Credit Union has a corporate seal, the Board will provide for its safe custody at the registered office of the Credit Union or such other place as the Board determines it will be kept for safekeeping and will provide for its use.