



## **Director's Handbook 2026**

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Dear Candidate:

Thank you for your interest in Cascadia Credit Union. Once you have read the Director's Handbook, please complete the forms listed below; and return the completed forms to Kirby Favreau, Executive Assistant, prior to Nominations closing on February 10, 2026.

- Code of Ethics for Directors
- Director Position Policy
- Candidate's Submission, including:
  - Photograph (the Credit Union will arrange for professional photos)
  - 250-word Biography, stating occupation, credit union affiliation, experience, and qualifications.  
This may be done in point form if you wish.
- Application for Directorship
- Declaration of Willingness to Stand for Election
- Director Candidate Skills and Experience Matrix
- Personal Information Return\* **IMPORTANT-do not handwrite the Personal Information Return**
- Current Resume\*
- Criminal Record Check\* *\*These documents are required by the BC Financial Services Authority (BCFSA)*
- Bankruptcy & Insolvency Check\*
- Director's Disclosure Statement
- (3) Nomination Forms signed by CCU members

If you have any questions, please contact one of the Directors on our Nominating Committee (listed below) or the Executive Secretary, Kirby Favreau, by phone at 250-494-6052, or [kfavreau@cascadiacu.com](mailto:kfavreau@cascadiacu.com). If requested, a meeting can be set up between yourself and any of our Directors, to help give you a fuller understanding of the credit union system. A member of the Nominating Committee will contact you for a formal meeting within 2 weeks of submitting your papers.

## **Nominating Committee**

Lorrie Forde, Committee Chair  
Connie Denesiuk, Committee Vice Chair  
Alan Chell, Committee Member  
Romeo Girardi, Committee Member

[lforde@cascadiacu.com](mailto:lforde@cascadiacu.com)  
[cdenesiuk@cascadiacu.com](mailto:cdenesiuk@cascadiacu.com)  
[achell@cascadiacu.com](mailto:achell@cascadiacu.com)  
[rgirardi@cascadiacu.com](mailto:rgirardi@cascadiacu.com)

**Important Dates:** Nomination Period: January 12-February 10, 2026  
AGM: April 16, 2026



## Authority and Responsibilities

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The powers, duties, responsibilities, and governance generally of Directors of a Credit Union are found in two statutes; the *Credit Union Incorporation Act*, and the *Financial Institutions Act*. Directors are encouraged to familiarize themselves with the relevant provisions of these statutes, some of which are referred to in this outline. In addition, the Rules of Cascadia Credit Union deal with the qualification and election of Directors and confer certain powers on the Directors with respect to the overall management of the Credit Union. The Board of Directors has also adopted the "Code of Ethics" pertaining to the conduct of Directors. It is ultimately the responsibility of each Director to ensure that they are fully familiar with the various provisions described in this outline.

1. The relevant provisions of the *Financial Institutions Act* touching on the office of Director are as follows:

97	Number of Directors and Unaffiliated Directors
99	Removal of Directors and Officers
100	Credit Union Directors Ceasing to Hold Office
101	Standard of Care for Directors and Officers
102	Indemnification of Directors and Officers
103	Quorum and Unaffiliated Directors
104	Misuse of Confidential Information
105	Information Required of Directors and Senior Officers
106	Meeting Requested by Auditor
107	Meeting Requested by Superintendent
110	Directors' Remuneration
111	Committees
112	Conduct Review Committee
135	Investment and Loan Committee
144 to 154	Inclusive; Related Party Transactions

2. The *Credit Union Incorporation Act* provides information in regard to voting and meetings and also contains provisions relating to the election of Directors and Directors' training.

74	Annual General Meeting
76	Special General Meetings
83	Directors
84	Director Training

3. The Rules of the Cascadia Credit Union expand on all the statutory provisions noted above. Directors should fully acquaint themselves with all the Rules of the Credit Union. In particular, Directors should be familiar with the following Rules:

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Reviewed: November 4, 2025

Revised:



## Authority and Responsibilities

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Rule 4	Directors and Management
Rule 7	Composition of Board of Directors
Rule 8	Board Upon Merger
Rule 9	Election, Appointment and Removal of Directors
Rule 10	Nominations
Rule 11	Election Process
Rule 12	Proceedings of the Board
Rule 13	General Meetings
Rule 14	Special Resolutions

### 4. Scheduled Meetings

The Regular Meetings of the Board of Directors of Cascadia Credit Union normally take place on the 4th Wednesday of the month, on alternating months. Three meetings per year are held virtually, with the other three meetings held in person; rotating between the communities. Virtual meetings begin at 4:30 PM, with in-person meetings involving a social and dinner the night prior, and the expectation to be present at the meeting the following day, from 8:30-3:30.

Each Director takes part in at least one of the three standing committees; Conduct Review, Audit, and Risk. Each committee meets as required to fulfil its mandate. Both the Audit, and Risk committee normally meet several times each year while the Conduct Review Committee meets, as required, several times per year. An index of committee policies, policy attachments and support documents is attached.

The Board of Directors prides itself on its record of good attendance at all meetings.

### 5. Remuneration

The aggregate Board remuneration is approved at a maximum of 0.03% of assets per annum to be distributed amongst the Directors in a manner determined by the Board. Currently the aggregate Board remuneration for 2026/27 is set at \$137,000 which is distributed as follows: Board Chair \$15,000; Board Vice Chair \$12,000; Directors' \$10,000, Committee Chairs: \$2,000.

The Committees consist of:

Audit  
Community Giving and Social Purpose  
Conduct Review



## Authority and Responsibilities

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- Executive
- Integration (*Committee of the Whole*)
- IT Governance
- Nominating and Elections
- Personnel
- Risk

Director remuneration is to be for the calendar year (paid quarterly) with adjustments made for position changes, which occur as a result of Annual General Meetings and subsequent Board appointments.

As well, all reasonable expenses incurred on Cascadia Credit Unions' business are reimbursable.

### 6. Credit Union Director Achievement Program

Directors are required to complete the mandatory section of the Director Training Program. This consists of three levels; level one to be completed within two years of election. Any Director who fails to complete the modules ceases to hold office.

Please refer to the Director Education Policy. (*Attached*)

Policy and Policy support documents also fall under the responsibility of Directors; please refer to section 14, for the complete Policy Index.

A Director, in discharging the duties of Cascadia Credit Union, shall:

1. Act honestly, in good faith and in the best interests of Cascadia Credit Union.
2. Exercise the care, diligence and skill of a reasonably prudent person under comparable circumstances.
3. Take into account the interests of members, depositors and those to whom the Directors owe a fiduciary duty.
4. Keep informed of the policies, business and affairs of Cascadia Credit Union and of the statutes and rules to which Cascadia Credit Union is subject and by which it is governed.
5. Deal with fellow Directors, officers and employees of Cascadia Credit Union openly, honestly and in good faith.
6. Make available to, and share with, fellow Directors and officers of Cascadia Credit Union all information as may be relevant and properly disclosed to ensure the proper conduct and sound operation of the business and affairs of Cascadia Credit Union.
7. Treat in confidence all matters and information involving Cascadia Credit Union, its Board of Directors, its committees, its employees and its members, and not disclose the same where it is not in the public record or domain unless required by law or unless sanctioned by the Board of Directors to do so.
8. Not enter into any transaction in which the Director makes use of confidential information in order, directly or indirectly, to obtain a benefit or advantage for the Director or anyone else, other than Cascadia Credit Union or a subsidiary thereof.
9. Ensure that the policies of Cascadia Credit Union adopted by the Board of Directors are accurately and clearly communicated to the employees of Cascadia Credit Union, as necessary, to ensure that the actions and conduct of the business and affairs of Cascadia Credit Union are conducted and carried out in accordance with those policies.
10. Comply with the Conflict of Interest Policy for Directors in effect from time to time and with any other rule of law respecting the duties and responsibilities of Directors, generally.

11. Request such information through the Board of Directors from officers and employees of Cascadia Credit Union as may be necessary to permit the full discharge of the duties of a Director and ensure that accurate records, minutes and memoranda are maintained with respect to the conduct and discharge of the business of Cascadia Credit Union.

**I acknowledge that I have read and considered the Code of Ethics for Directors of Cascadia Credit Union and agree to conduct myself as a Director in accordance with and to abide by the Code of Ethics. If I shall be found by my fellow Directors to have been in default of the Code of Ethics or to have acted contrary to the Code, I may be subject to sanctions by my fellow Directors including, without limitation, a request for my resignation from my office as Director.**

**I further acknowledge that the duties and responsibilities contained in the Code of Ethics are in addition to any other duties or responsibilities imposed by laws upon a Director of Cascadia Credit Union and that the Code of Ethics shall in no way relieve me from complying with any such law or with any rule of Cascadia Credit Union.**

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Signature

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Name

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Date

## **1. PURPOSE**

The Board of Directors is accountable to the general membership of Cascadia Credit Union for overseeing the affairs and stewardship of the credit union.

## **2. POLICY STATEMENTS**

### **2.1 Authority**

The Board of Directors derives its authority under the Credit Union Incorporation Act, the Financial Institutions Act, and its shareholders. A Director has no independent authority to act or to unilaterally give direction to management or to commit Cascadia Credit Union to any course of action.

### **2.2 Composition**

- a)** The Board is typically comprised of nine elected or appointed Directors; pursuant to Cascadia Credit Union's Rules.
- b)** A quorum shall be a majority of the Directors.
- c)** The Board shall annually elect from its' members a Chair and Vice-Chair. The President/CEO and the senior management team shall act as a resource to the Board. The Board may, from time to time, appoint any person who need not be a member, to act as secretary of any meeting.

## **3. RESPONSIBILITIES**

### **3.1 Roles and Responsibilities**

- a)** Represent the interests of the membership
- b)** Provide leadership and direction to management
- c)** Enact and ensure adherence to corporate governance and enterprise risk management "best practices"
- d)** Ensure corporate policies are in place and, where applicable, review and approve Board policies
- e)** Adopt and monitor a strategic planning process
- f)** Authorize the appointment of the President/CEO
- g)** Evaluate the performance of the President/CEO
- h)** Monitor and authorize compensation of the President/CEO
- i)** Ensure that an appropriate management succession plan is in place
- j)** Ensure enterprise risks are managed
- k)** Ensure the integrity of internal control and management information systems using independent third-party assessments.

### 3.2 Individual Directors

#### 3.2.i Standard of Care

A Director shall always act honestly, in good faith and in the reasonably held belief that the act is in the best interests of the credit union.

A Director shall:

- a) demonstrate integrity and high ethical standards
- b) be committed to compliance with the highest standards of corporate governance
- c) represent the interests of shareholders/members
- d) exercise independent judgment in directing and overseeing the operations of the credit union
- e) have an understanding of fiduciary duty
- f) be financially literate, acting as a steward of the credit union's financial resources
- g) demonstrate well developed listening, communicating, and influencing skills while actively participating in board discussions
- h) devote sufficient time to serve effectively as a Director
- i) possess relevant career experience and expertise to advance the interests of the credit union
- j) demonstrate a commitment to credit union and cooperative principles
- k) keep confidential all matters involving the credit union
- l) act in a respectful manner in all dealings with other Directors, employees and shareholders
- m) abide by and support any decision properly reached by the Board of Directors
- n) comply with the credit union's Code of Conduct; review and sign the document annually
- o) follow the approved communications protocols, deferring to the Board Chair or President/CEO for public comments

#### 3.2.ii Director Education

All Directors are expected to be committed to continuous learning to enhance their skills and ultimately their contributions as an effective board member.

Education requirements are outlined in detail in the attached Director Education Policy.

#### 3.2.iii Board Operations

Each Director is a member of the credit union's corporate governance team. As such, a Director is responsible for understanding the difference between governing and managing, ensuring that the Director and management operate freely within their respective spheres, and cooperating with management in areas of shared responsibility.

A Director is expected to:

- a) participate in the selection, monitoring, evaluation, and compensation of the President/CEO
- b) participate in the establishment of the credit union's annual strategic plan and monitor progress
- c) be concerned with the organization, composition, and continuity of the Board
- d) fully and actively participate in Board processes
- e) regularly attend Board meetings, and those meetings of any committee on which the Director serves
- f) attend the annual general meeting and strategic planning sessions
- g) fully consider all material distributed to the Director in advance of any Board or committee meeting
- h) ensure that appropriate information to support any material decision required of the Board is furnished by management, and that any action that is proposed be taken, or be delayed until such information is made available
- i) participate knowledgeably and meaningfully at board and committee meetings; ask appropriate questions of management

### 3.2.iv Accountability

A Director is accountable to the Board of Directors.

I have received and read the Board of Directors Terms of Reference, and I have had the opportunity to ask questions to ensure my understanding. I hereby accept and agree to abide by the identified roles and responsibilities for the duration of my tenure as an elected official for Cascadia Credit Union.

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*Date*

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*Signature*

**1. PURPOSE**

The Board of Directors of Cascadia Credit Union are committed to continuous learning to enhance the skills of Directors and ultimately their contributions as an effective Board Member.

Attendance at credit union system meetings, conferences, conventions and seminars provide opportunities to support board development. Attendance by directors at such events will be considered on a case by case basis by the board.

**2. POLICY STATEMENT**

- a) The credit union will provide the necessary opportunities for personal and professional development of the Board of Directors. The credit union will pay related expenses and remuneration for training and development opportunities.
- b) All new directors will be provided with an orientation package to assist them in their development.
- c) It is acknowledged that the Credit Union Director Achievement (CUDA) program is the starting point for all director development; all new directors will be enrolled in this program. Individual attendance at the various modules of this program will be in accordance with the annual board development plan and budget.
- d) Annually, the board will approve a board development plan for the upcoming year and a related budget based on results from the director's skills matrix and board evaluation results. Directors and board committee members are encouraged to communicate their personal development priorities to the board in advance of the annual budget approval.
- e) The board, considering the annual plan budget, will determine attendance at or participation in, development programs or events by individual board members.
- f) Any director attending a training development session or participating at a system sponsored event will provide a report to the board as to the results and/or benefits of attendance at the event.
- g) The board may, in reviewing its performance and the performance of committees, identify and communicate personal development opportunities that would enhance abilities to serve the credit union effectively.

### 3. RESPONSIBILITIES

Directors are allocated a development and training budget to encourage them to further develop their knowledge and skills

#### 3.1 Director Development

All Directors are expected to be committed to continuous learning to enhance their skills and ultimately their contributions as an effective board member. The CUDA program offers world-class training and the most current thinking about credit union corporate governance, in three progressive levels. Mandatory and optional education opportunities are outlined in detail below:

#### 3.2 All CUDA courses are offered online, in-class, or eClass sessions

*Level A – Foundations of Governance - BC Director's must complete within 2 years of becoming a director*

- Overview of the Credit Union System – Module 1
- Board's Roles and Responsibilities – Module 2
- Director's Roles and Responsibilities – Module 3
- Financial Statements and Financial Metrics – Module 4
- Asset-Liability Management (ALM) – Module 5
- Monitoring the Credit Union Performance – Module 6

Foundations of Governance in Theory and Action – Workshop

*Level B – Governance in Action - Optional*

- Risk Oversight eClass
- Strategy: Planning and Oversight eClass
- Board Performance, Development and Evaluation eClass
- HR Governance eClass

*Level C – Governance Application - Optional*

- The Role of Audit Committee eClass
- Governing Credit Risk eClass
- Two Elective Courses: *Choose from the Cusource Continuing Ed. Director course catalogue*

*Graduation - Program Completion*

Directors who complete the entire CUDA Program (all of the courses in Levels A, B and C) receive a certificate marking their achievement.

*Continuing Education – Optional* Multiple sessions available

Directors may request to augment their development plan through additional Credit Union Director Achievement Program (CUDA) courses, other courses, and /or attendance at a relevant conference.

# **Director Education Policy**

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In addition to Credit Union Director Achievement Program (CUDA) the credit union system offers a variety of conferences with sessions that are applicable to the role of directors. The directors are encouraged to participate in a certain level of conferences or sessions, as approved; specifically, Central 1 annual meeting and conference, Credit Union Executives Society (CUES) conference, World Credit Union Conference (WOCCU), and annual conference.

## **4. POLICY APPROVAL AND REVIEW**

This policy shall be reviewed annually by the Personnel Committee (or by a delegated committee of the Board of Directors) and recommended to the Board of Directors for approval.

**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 officer 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.

### 1. PURPOSE

The purpose of this policy is to identify and prevent or resolve conflicts of interest of the directors of Cascadia Credit Union (the "Credit Union").

### 2. POLICY STATEMENTS

#### 2.1 Definitions

In this Policy: "FIA" means the *Financial Institutions Act* of British Columbia from time to time in force and all amendments and, unless the context otherwise requires, regulations made under it. **"Related party" has the same meaning as in the FIA.**

#### 2.2 Conflict of Interest Explained

In exercising the functions of a director, a director has a duty to act with the utmost honesty and good faith and must always act in the best interests of the Credit Union. As well, a director must exercise the care, diligence and skill of a reasonably prudent person under comparable circumstances.

Each director must use utmost care and discretion in the handling of confidential or privileged information, and other information not normally available to the public, received by reason of the directorship, and such information shall not be used for personal benefit or for the benefit of family, friends or associates or any other individual or entity other than the Credit Union.

To be in a conflict of interest situation does not necessarily involve fault or blame. However, a director who ignores a conflict of interest situation and acts in that situation is at fault and may incur personal liability.

A conflict of interest arises where a director has a duty or a direct or indirect interest that comes into conflict with, or is sufficient to influence or appear to influence, the performance of the director's duties owed to the Credit Union. An indirect interest may arise through a relative, friend, corporation or firm.

A conflict of interest may involve:

- a. the business of the Credit Union;
- b. the business of entities in which the Credit Union has an interest; and
- c. specific transactions with the Credit Union or an entity in which the Credit Union has an interest.

For the purposes of this policy, a conflict of interest shall include accepting any gift or hospitality of material value offered by reason of a person's position as a director of the Credit Union.

## **2.3 Disclosure**

- a. Each director shall sign two copies of a disclosure statement which shall include the names of all corporations and individuals that are related parties of the Credit Union because of a relationship with the director. A director shall deliver a revised disclosure statement within 15 days of any change in any information contained in it. One copy of the statement and any revision shall be delivered to the Conduct Review Committee of the Credit Union (the "Committee") and the other shall be delivered to the Board of Directors, which shall record the disclosure in its minutes.
- b. In addition, each director shall disclose in writing each conflict of interest to the Board of Directors and the Committee as it arises, including, as required, Part 5 of the FIA transactions with the Credit Union in which any of the following have a direct or indirect interest:
  - i. the director;
  - ii. an individual that is a related party by reason of a relationship with the director;
  - iii. any corporation of which the director is a director or officer or in which the director owns or controls 50% or more of the votes attached to voting shares.

## **2.4 Resolution of Conflicts of Interest**

For the purposes of this policy, a conflict of interest will be resolved:

- a. Where it arises from a transaction or proposed transaction between the Credit Union or a subsidiary of the Credit Union, and any person (including a corporation) who is a related party because of a relationship with the director, in the manner required by Part 5 of the FIA (including obtaining the approval of the Committee or consent of the Superintendent where necessary) and, whenever the director has a direct or indirect interest in the transaction, by obtaining the approval of the Board of Directors;
- b. In the case of a gift or hospitality, by obtaining the consent of the Committee or by refusing, returning or refunding the value of the gift or hospitality;
- c. In all cases, by the director
  - i. disclosing the conflict,
  - ii. leaving a meeting of directors while the matter creating the conflict is being discussed or otherwise dealt with,
  - iii. taking no part in any discussion or voting with respect to the matter creating the conflict of interest,
  - iv. not attempting to influence, in any way, the board's dealing with the matter creating the conflict of interest, and
  - v. satisfying any other legal requirement;
- d. Where the Committee determines that a conflict of interest would influence or appear to influence virtually every decision in which the director is required to participate as a member of the Board of Directors of the Credit Union, the director shall, unless the determination of the Committee is overruled by the Board of Directors, either eliminate the interest or duty giving rise to the conflict or resign as a director of the Credit Union.

Each conflict of interest is a separate conflict of interest and no permission or approval with respect to one conflict shall be deemed to be approval for any other.

## 2.5 Code of Ethics

Each Director shall sign and return to the Committee a copy of the Code of Ethics.

## 2.6 Other Requirements

It is not possible to state a set of rules that would codify proper behaviour in every situation. Therefore, nothing in this conflict of interest policy will excuse a director from any other duty or responsibility imposed by law

# 3. RESPONSIBILITIES

## 3.1 Administration of Policy

It is the duty of each director to determine whether or not a conflict of interest or potential conflict of interest exists. A director will not be excused from compliance with this policy or any other rule of law relating to conflicts of interest on the basis that the director did not realize that a conflict of interest existed or might arise.

The Board of Directors of the Credit Union will enforce this policy with the assistance and upon recommendation of the Conduct Review Committee.

Upon the Conduct Review Committee becoming aware of an alleged or possible conflict of interest involving a person covered by this policy, the Committee will:

- a. make enquiries and determine the facts surrounding the alleged or possible conflict of interest;
- b. either:
  - i. determine that a conflict of interest or possible conflict of interest exists, or
  - ii. refer the question of whether a conflict of interest or possible conflict of interest exists to the Board of Directors for determination, and
- c. report its findings and determination, if any, to the Board of Directors.

Where the conflict involves a transaction with the Credit Union and the Committee's approval is required, the Committee may, in accordance with Part 5 of the FIA and the policies of the Credit Union, give its approval, but the conflict shall not be fully resolved unless the transaction is approved by the Board of Directors.

The determination of the Conduct Review Committee or of the Board of Directors that a conflict of interest exists or may exist shall be final and binding on the Credit Union and each director. However, because the existence of a conflict of interest or breach of duty is a matter of law as well as fact, the Board of Directors or the Conduct Review Committee must obtain legal advice before imposing any sanction or penalty.

### Part 3: Division 3 — Voting and Meetings

#### Voting

70 (1) No member of a credit union has more than one vote on a resolution or in an election of directors and no auxiliary member of a credit union has more than one vote on a separate resolution, except

- (a)in accordance with rules that allow the chair of the meeting to have a deciding or second vote in the event of a tie vote, whether occurring by a show of hands, poll or written vote,
- (a.1)if an individual and the individual's sole proprietorship are members, in accordance with rules that allow such an individual to vote both as an individual and on behalf of the individual's sole proprietorship,
- (a.2)if the member is authorized in accordance with subsection (4) to vote on behalf of an unincorporated association,
- (b)if the credit union is a central credit union, in accordance with rules that provide as set out in section 92 for proportional voting or for delegate attendance and voting determined on a proportional basis,
- (b.1)if the credit union is a central credit union, in accordance with rules that provide as set out in section 92 for voting determined both by a simple majority and by a 2/3 majority on a proportional basis in respect of the same special resolution, or
- (c)in accordance with rules that provide as set out in section 58 (2).

(2) A member may vote by proxy only if

- (a)the member is voting as a holder of shares in a class or series of equity shares that are not membership shares,
- (b)the rules of the credit union allow auxiliary members to vote by proxy as holders of shares in the class or series referred to in paragraph (a), and
- (c)the vote is on a matter on which, under the rules referred to in paragraph (b), members holding shares in the class or series referred to in paragraph (a) are permitted to vote by proxy.

(3) A member of a credit union who is not an individual or an unincorporated association may be represented and vote at meetings 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 meetings on behalf of the member.

(4) A member of a credit union who is an unincorporated association may be represented and vote at meetings 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 meetings on behalf of the unincorporated association.

**Voting at meeting**

71 Unless the rules otherwise provide, voting at a meeting of a credit union that is not an electronic meeting must be by show of hands.

**Rules may allow vote in writing and by electronic means**

72 The rules of the credit union may provide for voting in an election or on a resolution or a special resolution, or as to any other matter,

- (a) by written vote, or
- (b) by electronic means.

**Voting choices for large credit union**

73 (1) If a credit union has more than 10 000 members, the rules of the credit union must allow a member to vote in an election of directors and on special resolutions

- (a) by voting personally at a general meeting or voting by mail ballot, whichever method the member chooses,
- (b) by voting personally at a general meeting or voting by ballot at a branch office, whichever method the member chooses,
- (c) by voting personally at a general meeting, voting by mail ballot or voting by ballot at a branch office, whichever method the member chooses,
- (d) by voting by mail ballot or voting by ballot at a branch office, whichever method the member chooses,
- (e) by voting by ballot at a branch office, or
- (f) by voting by mail ballot.

(2) If the rules of a credit union with more than 10 000 members provide for voting by electronic means, a reference in subsection (1) to voting by ballot or mail ballot may be read by the credit union as a reference to voting by electronic means.

**Annual general meeting**

74 (1) A credit union must hold an annual general meeting not more than 15 months after

- (a) the date of incorporation, or

(b)the date of amalgamation under section 20 or 21, and afterwards the credit union must hold an annual general meeting at least once in every calendar year and not more than 135 days after the credit union's financial year end.

(2) Despite subsection (1), the superintendent by order applicable to one or more credit unions may extend by not more than 6 months the time within which it or they must hold an annual general meeting.

### Information for annual general meeting

**74.1** The directors of a credit union must place before each annual general meeting

(a) financial statements prepared under section 129 of the *Financial Institutions Act* relating to

- (i) the period that began on the date of incorporation and ended as of the close of the credit union's first financial year or, if the credit union has completed a financial year, the latest completed financial year, as the case may be, the financial statements to be made up to a date not more than 6 months before the annual general meeting before which the financial statements are placed, and
- (ii) the period, if any, that is the financial year next preceding the latest completed financial year,

(b) the report of the auditor,

(c) the report of the directors to the members, and

(d) any further information respecting the credit union that the rules require or that the Lieutenant Governor in Council may prescribe.

### Meetings

**75** (1) The rules of a credit union may provide for the holding of general or special meetings of members by holding 2 or more meetings of members at different times and, if applicable, different places, which meetings together are to constitute a single meeting, and, in that case,

- (a) the total of the votes that are cast on a resolution or special resolution or on an election of directors at the meetings must be counted after the last of the meetings has been held, and
- (b) in ascertaining the result of the voting, the votes cast at the meetings and,
  - (i) if section 73 applies, any votes cast by mail ballot and any votes cast by voting in branch offices must be taken into account, and
  - (ii) if the rules provide as set out in section 72, any written votes cast must be taken into account.

(2) The directors must ensure that each notice convening the meetings that constitute a single meeting under subsection (1) states, in addition to any other information required to be contained in it, the substance of the provision allowing the holding of those meetings and that those meetings are being held under that provision.

## Minutes

**75.1** (1) A credit union must cause minutes of all proceedings at general meetings, class meetings and meetings of its directors and of committees of its directors to be kept.

(2) The minutes referred to in subsection (1), if purported to be signed by the chair of the meeting at which the proceedings were taken or by the chair of the next succeeding meeting, are evidence of the proceedings.

(3) If minutes of a meeting have been entered and signed in accordance with this section,

- (a) the meeting is deemed to have been duly held and convened,
- (b) all proceedings at the meeting are deemed to have been duly taken, and
- (c) all elections and appointments of directors, officers or liquidators made at the meeting are deemed to be valid until the contrary is proved.

## Special general meetings

**76** (1) In this section, "proposal" means any matter proposed by members for consideration at a special general meeting and includes a proposed special resolution.

(2) The directors of a credit union may call a special general meeting of the credit union.

(3) By a requisition that may be signed in several counterparts, each bearing the signature of one or more members of the credit union, the members may requisition that the directors call a special general meeting for the purpose of considering a proposal.

(4) A requisition under subsection (3) must

- (a) be endorsed in accordance with subsection (4.1) by not fewer than the number of members determined in accordance with subsection (4.2), each of whom has been a member of the credit union, without interruption, for a prescribed minimum period before the member's date of endorsement,
- (b) state the proposal to be considered at the special general meeting,
- (c) state the name and mailing address of one of the members as a representative of all the requisitioning members, and
- (d) be deposited at the registered office of the credit union within 60 days of the first signing of the requisition by a requisitioning member.

(4.1) A member may endorse a requisition under subsection (3) by affixing to the requisition the member's name and address and the date of endorsement.

(4.2) The minimum number of members who must endorse a requisition under subsection (3) is equal to

- (a) in the case of a credit union with 6 000 members or fewer, 5% of the members, or
- (b) in the case of a credit union with more than 6 000 members, the sum of
  - (i) 300 members, and

(ii) 1% of the difference between the number of members and 6 000 members

(5) If the directors receive a requisition that complies with subsection (4), then, within 21 days after the date the requisition is deposited at the registered office of the credit union, the directors must

- (a) call the requisitioned special general meeting to consider the proposal, or
- (b) refuse to call the requisitioned special general meeting on one or more of the following grounds:

- (i) the requisition was not deposited at the registered office of the credit union
  - (A) at least 90 days before the anniversary date of the last annual general meeting, or
  - (B) at least 90 days before the date on which it is proposed that the meeting be held;
- (ii) it clearly appears that the proposal is submitted by the members for the purpose of enforcing a personal claim or redressing a personal grievance against the credit union or its directors or officers, or primarily for the purpose of promoting causes that are extraneous to the purposes of the credit union;
- (iii) substantially the same proposal was considered and defeated by the membership within the 2 years immediately before the date of deposit at the registered office of the credit union of the requisition containing the current proposal.

(6) The directors must give notice promptly to the representative of the requisitioning members of a decision under subsection (5) to call or to refuse to call the requisitioned special general meeting, and if the directors refuse to call the meeting, they must include in the notice their reasons for the refusal.

(7) If the directors call the requisitioned special general meeting under this section, then, at the request of the representative of the requisitioning members, the directors must attach to the proposal for circulation

- (a) a statement, supplied by the requisitioning members, of not more than 400 words in support of the proposal, and
- (b) the name and address of the representative of the requisitioning members.

(8) No credit union or person acting on its behalf incurs any liability only because of circulating a proposal or supporting statement in compliance with subsection (7).

(9) Within 14 days after the representative of the requisitioning members receives the notice referred to in subsection (6) of the directors' decision under subsection (5) (b), any member of the credit union may appeal to the superintendent the directors' decision to refuse to call a requisitioned special general meeting and, on receiving notice of the appeal, the superintendent may

- (a) make an order confirming the directors' decision to refuse to call the requisitioned special general meeting, or
- (b) order the directors to call the requisitioned special general meeting.

(10) Without limiting the powers given under subsection (9), the superintendent, in an order under that subsection, may

- (a) appoint a time and, if applicable, a place for the requisitioned special general meeting ordered under subsection (9) (b),
- (b) require amendments the superintendent considers necessary or advisable to the proposal, supporting statement or notice of meeting, and
- (c) establish procedures for the conduct of the requisitioned special general meeting referred to in subsection (9) (b).

(11) On receiving notice of an order made by the superintendent under subsection (9) (b), the directors must call the requisitioned special general meeting in accordance with the order.

#### **Members' special resolutions at general meetings**

77 (1) By a requisition that may be endorsed in several counterparts, each bearing the endorsement of one or more members of the credit union, the members may propose a special resolution for consideration at a general meeting.

(2) A requisition under subsection (1) must

- (a) be endorsed in accordance with subsection (3) by not fewer than the number of members determined in accordance with subsection (4), each of whom has been a member of the credit union, without interruption, for a prescribed minimum period before the member's date of endorsement,
- (b) state the special resolution to be considered at the general meeting,
- (c) state the name and mailing address of one of the members as a representative of all the requisitioning members, and
- (d) be deposited at the registered office of the credit union within 60 days of the first endorsement of the requisition by a requisitioning member.

(3) A member may endorse a requisition under subsection (1) by affixing to the requisition the member's name and mailing address and the date of endorsement.

(4) The minimum number of members who must endorse a requisition under subsection (1) is equal to

- (a) in the case of a credit union with 6 000 members or fewer, 5% of the members, or
- (b) in the case of a credit union with more than 6 000 members, the sum of
  - (i) 300 members, and
  - (ii) 1% of the difference between the number of members and 6 000 members.

(5) If the directors receive a requisition that complies with subsection (2), then, within 21 days after the date the requisition is deposited at the registered office of the credit union, the directors must

(a)allow consideration of the special resolution at the general meeting, or  
(b)refuse to allow consideration of the special resolution at the general meeting on one or more of the following grounds:

- (i)the requisition was not deposited at the registered office of the credit union
  - (A)at least 90 days before the anniversary date of the last annual general meeting, or
  - (B)at least 90 days before the date of the general meeting at which the special resolution is proposed to be considered;
- (ii)it clearly appears that the special resolution is submitted by the members for the purpose of enforcing a personal claim or redressing a personal grievance against the credit union or its directors or officers or primarily for the purpose of promoting causes that are extraneous to the purposes of the credit union;
- (iii)substantially the same special resolution was considered and defeated by the membership within the 2 years immediately before the date of deposit, at the registered office of the credit union, of the requisition containing the current special resolution.

(6) The directors must give notice promptly to the representative of the requisitioning members of a decision under subsection (5) to allow or to refuse to allow consideration of the special resolution at the general meeting, and if the directors refuse, they must include in the notice their reasons for the refusal.

(7) If the directors allow consideration of the special resolution at the general meeting, then the directors must

- (a)attach the special resolution to the notice of the meeting,
- (b)at the request of the representative of the requisitioning members, attach to the notice of the meeting
  - (i)a statement, supplied by the requisitioning members, of not more than 400 words in support of the special resolution, and
  - (ii)the name and address of the representative of the requisitioning members, and
- (c)provide a reasonable amount of time at the meeting for consideration of the special resolution.

(8) No credit union or person acting on its behalf incurs any liability only because of circulating a special resolution or supporting statement in compliance with subsection (7).

(9) Within 14 days after the representative of the requisitioning members receives the notice referred to in subsection (6) of the directors' decision under subsection (5) (b), the member may appeal to the superintendent the directors' decision to refuse to allow consideration of the special resolution at the general meeting and, on receiving notice of the appeal, the superintendent may

- (a)make an order confirming the directors' decision to refuse to allow consideration of the special resolution at the general meeting, or
- (b)order the directors to allow consideration of the special resolution at the general meeting.

(10) Without limiting the powers given under subsection (9), the superintendent, in an order under that subsection, may

- (a) require amendments the superintendent considers necessary or advisable to the special resolution, supporting statement or notice of the general meeting, and
- (b) establish procedures for the conduct of the general meeting.

(11) On receiving notice of an order made by the superintendent under subsection (9) (b), the directors must, in accordance with the order, allow consideration of the special resolution at the general meeting.

#### **Member's proposal at annual general meeting**

**77.1**(1) A member of a credit union may propose a matter for consideration at an annual general meeting.

(2) A proposal under subsection (1) must

- (a) state the proposal to be considered at the annual general meeting,
- (b) state the name and mailing address of the member submitting the proposal, and
- (c) be deposited at the registered office of the credit union.

(3) If the directors receive a proposal that complies with subsection (2), then, within 21 days after the date the proposal is deposited at the registered office of the credit union, the directors must

- (a) allow consideration of the proposal at the annual general meeting, or
- (b) refuse to allow consideration of the proposal at the annual general meeting on one or more of the following grounds:

- (i) the proposal was not deposited at the registered office of the credit union
  - (A) at least 90 days before the anniversary date of the last annual general meeting, or
  - (B) at least 90 days before the date of the next annual general meeting;
- (ii) it clearly appears that the proposal is submitted by the member for the purpose of enforcing a personal claim or redressing a personal grievance against the credit union or its directors or officers or primarily for the purpose of promoting causes that are extraneous to the purposes of the credit union;
- (iii) substantially the same proposal was considered by the membership within the 2 years immediately before the date of deposit, at the registered office of the credit union, of the current proposal.

(4) The directors must promptly give to the member who submitted the proposal notice of a decision under subsection (3) to allow or to refuse to allow consideration of the proposal at the annual general meeting, and if the directors refuse, they must include in the notice their reasons for the refusal.

(5) If the directors allow consideration of the proposal at the annual general meeting, then the directors must

- (a) attach the proposal to the notice of the meeting,

(b) at the request of the member who submitted the proposal, attach to the notice of the meeting

- (i) a statement, supplied by the member, of not more than 400 words in support of the proposal, and
- (ii) the name and address of the member, and
- (c) provide a reasonable amount of time at the meeting for consideration of the proposal.

(6) No credit union or person acting on its behalf incurs any liability only because of circulating a proposal or supporting statement in compliance with subsection (5).

(7) Within 14 days after the member receives the notice referred to in subsection (4) of the directors' decision under subsection (3) (b), the member may appeal to the superintendent the directors' decision to refuse to allow consideration of the proposal at the annual general meeting and, on receiving notice of the appeal, the superintendent may

- (a) make an order confirming the directors' decision to refuse to allow consideration of the proposal at the annual general meeting, or
- (b) order the directors to allow consideration of the proposal at the annual general meeting.

(8) Without limiting the powers given under subsection (7), the superintendent, in an order under that subsection, may

- (a) require amendments the superintendent considers necessary or advisable to the proposal, supporting statement or notice of the annual general meeting, and
- (b) establish procedures for the conduct of the annual general meeting.

(9) On receiving notice of an order made by the superintendent under subsection (7) (b), the directors must, in accordance with the order, allow consideration of the proposal at the annual general meeting

#### **Notice of general meeting**

**78** (1) The directors must give at least

- (a) 18 days' notice, or
- (b) if the rules provide for a longer period of notice, that longer period of notice

of each general meeting and each special resolution to each member of the credit union and to the superintendent.

(2) A notice of a general meeting must specify

- (a) the day and hour and, if applicable, the place of the meeting, and
- (b) the nature of any special business to be considered at the meeting.

(2.1) If the general meeting is an electronic meeting, the notice must also contain instructions for attending and participating in the meeting by telephone or other communications medium, including, if applicable, instructions for voting at the meeting.

- (3) If a member of a credit union consents in writing to the giving of a notice under this section to another member of the credit union who occupies the same home as the member, notice to that other member is effective notice to the person consenting.
- (4) The credit union need not give the notice required in this section to a junior member of the credit union.
- (4.1) A notice of a general meeting or special resolution given under subsection (1) may be sent
  - (a) by prepaid post to the latest address shown for the recipient on the register of members and auxiliary members, or
  - (b) in any other manner agreed to by the intended recipient.
- (5) If a notice of a general meeting or special resolution given under subsection (1) is sent by post, service or delivery of it is deemed to be effected by properly addressing, prepaying and mailing the notice, and, unless the rules of the credit union provide for a longer period of time, the service or delivery is deemed to have been effected 5 days, Saturdays and holidays excepted, following the date of mailing.
- (5.1) If a notice of a general meeting or special resolution given under subsection (1) is sent in a manner agreed to by the intended recipient, the notice is deemed to have been received by the member on the day that it is sent.
- (6) If mail service is not available and an intended recipient has not agreed to another manner for the sending of a notice given under subsection (1), the notice may be given
  - (a) by advertising on 2 separate occasions not less than 5 days apart, inclusive of the day of publication, in a newspaper circulating in the area in which the credit union carries on its operations, or
  - (b) by posting it on a website maintained by or on behalf of the credit union.
- (7) A notice given in accordance with subsection (6) (a) is deemed to have been received by the member on the day of the last publication.
- (8) A notice given in accordance with subsection (6) (b) is deemed to have been received by the member on the day that it is posted on the website.

#### **Setting record dates**

**78.1** (1) The rules of a credit union may

- (a) set a date as the record date for the purpose of determining members entitled to notice of a general meeting, and
- (b) set a date as the record date for the purpose of determining members entitled to vote at a general meeting.

(2) A record date set under subsection (1) (a) must not precede the date on which the general meeting is to be held

- (a) by more than 2 months, or, in the case of a special general meeting requisitioned under section 76 (3), by more than 4 months, or
- (b) by fewer than the prescribed number of days.

(3) A record date set under subsection (1) (b) must not precede the date on which the general meeting is to be held by more than 2 months, or, in the case of a special general meeting requisitioned under section 76 (3), by more than 4 months.

(4) If no record date is set under subsection (1) (a), the record date for determining the members who are entitled to notice of a general meeting is

- (a) 5 p.m. on the day immediately preceding the first date on which notice is sent, or
- (b) if no notice is sent, the beginning of the meeting.

(5) If no record date is set under subsection (1) (b), the record date for determining the members who are entitled to vote at a general meeting is

- (a) 5 p.m. on the day immediately preceding the first date on which notice of the general meeting is sent, or
- (b) if no notice is sent, the beginning of the meeting

#### **Location of general meetings**

79 (1) Subject to subsections (2) and (3), a general meeting of a credit union may be held in

- (a) British Columbia, or
- (b) another province as approved by resolution of the members and
  - (i) under the laws of which a member of the central credit union is incorporated, in the case of a central credit union, or
  - (ii) in which the credit union has a branch office, in the case of a credit union other than a central credit union.

(2) If the general meeting is a partially electronic meeting, subsection (1) applies to the location where persons attend the meeting in person.

(3) If the general meeting is a fully electronic meeting, subsection (1) does not apply to the meeting.

#### **Participation at general meetings**

79.1 (1) Unless the rules of a credit union provide otherwise, a member who is entitled to participate in, including vote at, a general meeting of the credit union may do so by telephone or other communications medium if all members attending the meeting are able to participate in it, whether by telephone, by other communications medium or in person.

- (2) If a credit union holds a general meeting that is not an electronic meeting, the credit union is not obligated to take any action or provide any facility to permit or facilitate the use of any communications medium at the meeting.
- (3) If a credit union holds a general meeting that is an electronic meeting, the credit union must permit and facilitate participation in the meeting by telephone or other communications medium.
- (4) If one or more persons participate in a general meeting in a manner contemplated by subsection (1),
  - (a) each of those persons is deemed, for the purposes of this Act and the credit union's rules, to be present at the meeting, and
  - (b) the meeting is deemed to be held at the location, if any, specified in the notice of the meeting.

**Special resolutions**

80 (1) A credit union must file with the superintendent every special resolution passed by its members.

(2) A reference in the constitution or rules of a credit union to an extraordinary resolution is deemed to be a reference to a special resolution.

**Part 5 — Management**  
**Division 1 — Directors****Directors**

83 (1)The persons who are the proposed first directors of a credit union immediately before the filing of its constitution and rules under section 8 are the first directors of the credit union.

(2)Unless the rules otherwise provide,

    (a)succeeding directors must be elected in accordance with the regulations, and

    (b)a director may be elected, or appointed to fill a casual vacancy on the board, in accordance with the regulations.

(3)Only a member of a credit union is eligible to become or act as a director of the credit union.

(4)The rules of a credit union may provide for the election of directors to represent a geographic area or class of members and may provide for the election of a director by members within the geographic area or class.

(5)Subject to subsections (5.1) and (5.2), a meeting of directors may be held in

    (a)British Columbia, or

    (b)another province

        (i)under the laws of which a member of the central credit union is incorporated, in the case of a central credit union, or

        (ii)in which the credit union has a branch office, in the case of a credit union other than a central credit union.

(5.1)If the meeting of directors is a partially electronic meeting, subsection (5) applies to the location where directors attend the meeting in person.

(5.2)If the meeting of directors is a fully electronic meeting, subsection (5) does not apply to the meeting.

(6)A meeting of directors of a credit union by the means described in section 84.22 (2) complies with subsection (5) of this section if a majority of the directors participating in the meeting are in British Columbia at the time of the meeting.

**Director training**

84 (1) The Lieutenant Governor in Council by order may designate one or more central credit unions to establish a credit union director training program.

(2) A central credit union designated under subsection (1) that establishes a credit union director training program may specify

    (a)the subject matter to be included in the training program, and

(b)the period for completion of the training program by persons enrolled in it.

(3) Within the period specified under subsection (2) (b),

(a)a person elected or appointed for the first time as a director of a credit union, or

(b)if required by a central credit union designated under subsection (1), every director of a credit union who has not completed the program must complete a training program established under this section.

**Conditions of election or appointment of director**

**84.1** (1) No election or appointment of a person as a director is valid unless

(a)the person consented in writing to act as a director before the election or appointment, or

(b)the person, if elected or appointed at a meeting, was present and did not refuse at the meeting to act as a director.

(2) A consent in writing given under subsection (1) (a) is only effective until the next following annual election or appointment of directors unless the consent states it is effective until

(a)revoked, or

(b)a date or time stated in the consent.

**Credit union to file returns as to directors**

**84.11** A credit union, within 14 days after the appointment or election of a director, must file with the registrar a notice, in a form established by the registrar, of the appointment or election, but no filing is necessary for a director who ceases to be a director and is re-elected or reappointed on the same day.

**Persons disqualified as directors**

**84.12** (1) No person is qualified to become or to act as a director of a credit union who is

(a)under the age of 19 years,

(b)found, by a court in Canada or elsewhere, to be incapable of managing the individual's own affairs, unless a court, in Canada or elsewhere, subsequently finds otherwise,

(b.1)a person in respect of whom a certificate of incapability is issued under the Adult Guardianship Act, unless the certificate is subsequently cancelled under section 37 (4) of that Act,

(c)a corporation,

(d)an undischarged bankrupt,

(e)unless the Supreme Court orders otherwise, convicted in or out of British Columbia of an offence

(i)in connection with the promotion, formation or management of a corporation, or

(ii)involving fraud unless 5 years have elapsed since the expiration of the period fixed for suspension of the passing of sentence without sentencing or since a fine was imposed, or the term of imprisonment and probation imposed, if any, was concluded, whichever is the latest, but a person is not disqualified under this paragraph if a pardon was granted or issued, or a record suspension was ordered, under the *Criminal Records Act* (Canada) and the pardon or record suspension, as the case may be, has not been revoked or ceased to have effect, or

(f)a person whose registration in any capacity has been cancelled under

- (i)the *Securities Act* by either the British Columbia Securities Commission or the executive director appointed under section 8 of that Act, or
- (ii)the *Mortgage Brokers Act* by the Commercial Appeals Commission, the Financial Services Tribunal or the registrar under that Act,

unless the person or body that cancelled the registration otherwise orders at the time of cancellation, or unless 5 years have elapsed since the cancellation of the registration.

(2) An order must not be made under subsection (1) (e) and (f) unless notice of the application for the order is given to the registrar and superintendent, who may appear as a party to the application.

#### Share qualification

**84.13** (1)Without limiting section 83 (3), a director who is by the rules of a credit union required to hold a specified share qualification, in this section called the "share qualification", and who is not already qualified, must obtain the share qualification within

- (a)2 months after the director's election or appointment, or
- (b)the time set by the rules, whichever first occurs.

(2) The office of director is vacated if the director

- (a)does not, within the time provided in subsection (1), obtain the share qualification, or
- (b)at any time after the expiration of the time provided in subsection (1), ceases to hold the share qualification,

and a person vacating office under this section is incapable of being a director of the credit union until the person obtains the share qualification.

#### Register of directors

**84.14** A credit union must keep a register of its directors and enter in the register

- (a)the full names and prescribed addresses of the directors,

- (b)the date on which each director was elected or appointed,
- (c)the date on which each former director ceased to hold office as a director, and
- (d)the name of any office in the credit union held by a director and the date of appointment to the office and the date on which the director ceases to hold office.

#### **Powers and functions of directors**

**84.15** (1) Subject to this Act and the constitution and rules of the credit union, the directors must manage or supervise the management of the affairs and business of the credit union.

(2) No limitation or restriction on the powers or functions of the directors is effective against a person who does not have knowledge of the limitation or restriction.

#### **No exculpation**

**84.16** The provisions of a contract, the constitution or rules, or the circumstances of a director's appointment do not relieve the director from the duty to act in accordance with this Act and the *Financial Institutions Act*, and the regulations under both Acts, or from any liability that by virtue of any rule of law would otherwise attach to the director in respect of any negligence, default, breach of duty or breach of trust of which the director may be guilty in relation to the credit union.

#### **Director to disclose interest**

**84.17** (1) A director of a credit union who, in any way, directly or indirectly, is interested in a proposed contract or transaction with the credit union must disclose the nature and extent of the director's interest at a meeting of the directors.

(2) The disclosure required by subsection (1) must be made

- (a)at the meeting at which a proposed contract or transaction is first considered,
- (b)if the director was not, at the time of the meeting referred to in paragraph (a), interested in a proposed contract or transaction, at the first meeting after the director becomes interested, or
- (c)at the first meeting after the relevant facts come to the director's knowledge.

(3) For the purpose of this section, a general notice in writing given by a director of a credit union to the other directors of the credit union to the effect that the director is a member, auxiliary member, director or officer of a specified corporation, or that the director is a partner in, or owner of, a specified firm, and that the director has an interest in a specified corporation or firm, is a sufficient disclosure of interest to comply with this section.

(4) A director of a credit union is not deemed to be interested or to have been interested at any time in a proposed contract or transaction merely because

- (a)if the proposed contract or transaction relates to a loan to the credit union, the director or a specified corporation or specified firm in which the director has an interest has guaranteed or joined in guaranteeing the repayment of the loan or any part of the loan,
- (b)if the proposed contract or transaction has been or will be made with or for the benefit of an affiliated corporation, the director is a director or officer of that corporation,
- (c)the proposed contract or transaction relates to an indemnity under section 102 of the *Financial Institutions Act* or to insurance under that section, or
- (d)the proposed contract or transaction relates to the remuneration of a director in that capacity.

#### **Director liable to account**

**84.18** (1) A director referred to in section 84.17 (1) must account to the credit union for any profit made as a consequence of the credit union entering into or performing the proposed contract or transaction, unless

- (a)he or she discloses his or her interest as required by section 84.17,
- (b)after his or her disclosure the proposed contract or transaction is approved by the directors, and
- (c)he or she abstains from voting on the approval of the proposed contract or transaction, or unless
- (d)the contract or transaction was reasonable and fair to the credit union at the time it was entered into, and
- (e)after full disclosure of the nature and extent of his or her interest, the contract or transaction is approved by special resolution.

(2) Unless the rules otherwise provide, a director referred to in section 84.17 (1) must not be counted in the quorum at a meeting of the directors at which the proposed contract or transaction is approved.

#### **Validity**

**84.19** The circumstance that a director is, in any way, directly or indirectly, interested in a proposed contract or transaction, or a contract or transaction, with the credit union does not make the contract or transaction invalid, but, if the matters referred to in section 84.18 (1) (a) to (c) or section 84.18 (1) (d) and (e) have not occurred, the Supreme Court, on the application of the credit union or any interested person, may enjoin the credit union from entering into the proposed contract or transaction, or set aside the contract or transaction, or make any other order that the court considers appropriate.

#### **Disclosure of conflict of office or property**

**84.2** (1) A director of a credit union who holds any office, or possesses any property, whereby, whether directly or indirectly, a duty or interest might be created in conflict with the director's duty or interest as a director

of the credit union, must declare at a meeting of the directors of the credit union the fact, and the nature and extent of the conflict.

(2) The declaration must be made by a director referred to in subsection (1) at the first meeting of the directors held

(a) after he or she becomes a director, or

(b) if he or she is already a director, after he or she began to hold the office or possess the property.

#### **Validity of acts of director**

**84.21** An act of a director and officer is valid, despite any defect that may afterwards be discovered in the director's or officer's appointment, election or qualification.

#### **Resolution of directors in writing**

**84.22** (1) A resolution of the directors or of any committee of the directors may not be passed without a meeting, except as permitted by subsection (3).

(2) Unless the rules provide otherwise, a meeting of directors or of a committee of directors may be held by telephone or other communications medium if all directors attending the meeting are able to participate in it, whether by telephone, by other communications medium or in person.

(2.1) A director who participates in a meeting by telephone or other communications medium is deemed for the purposes of this Act and the credit union's rules to be present at the meeting.

(3) Unless the rules provide otherwise, a resolution of the directors or of any committee of the directors may be passed without a meeting if all the directors, or the members of the committee, as the case may be, consent to the resolution in writing and the consent is filed with the minutes of proceedings of the directors or the committee.

#### **Directors' liability**

**84.23** (1) Directors of a credit union who vote for, or consent to, a resolution authorizing

(a) a commission or discount contrary to section 55.5, or

(b) an act contravening section 12.1 in respect of which the credit union has paid compensation to any person are jointly and severally liable to the credit union to make good any loss or damage suffered by the credit union as a result.

(2) The liability imposed by subsection (1) is in addition to and not in derogation of any liability imposed on a director by any other Act, regulation or rule of law.

(3) For the purposes of this section, a director of a credit union who is present at a meeting of directors, or of a committee of directors, is deemed to have consented to a resolution referred to in subsection (1) passed at the meeting unless

- (a) the director's dissent is entered in the minutes of the meeting,
- (b) the director's written dissent is delivered to the secretary of the meeting before the meeting's adjournment, or
- (c) the director's written dissent is delivered or sent by registered mail to the registered office of the credit union immediately after the adjournment of the meeting.

(4) A director who votes for a resolution referred to in subsection (1) is not entitled to dissent under subsection (3).

(5) A director who is not present at a meeting of directors, or of a committee of directors, at which a resolution referred to in subsection (1) is passed is deemed to have consented to the resolution, unless within 7 days after becoming aware of the resolution the director mails his or her written dissent by registered mail or delivers the written dissent to the registered office of the credit union.

(6) The secretary of the credit union, on receipt of a written dissent, must certify on the written dissent the date, time and place the dissent is received at the registered office and must keep the dissent with the minutes of the meeting at which the resolution was passed.

(7) In an action to enforce a liability imposed by subsection (1), the Supreme Court, on the application of the credit union or any defendant, may join as a defendant any person who has received a benefit as a result of the resolution complained of and may make that person liable to the credit union jointly and severally with the directors to the extent of the amount paid to that person.

(8) No director of a credit union is liable under subsection (1) if the director

- (a) proves that the director did not know and could not reasonably have known that the act authorized by the resolution was contrary to this Act, or
- (b) relies and acts in good faith on statements of fact represented to the director by an officer of the credit union to be correct, or on statements contained in a written report of the auditor of the credit union.

#### **Ceasing to hold office**

**84.24** (1) A director ceases to hold office when his or her term expires in accordance with the rules or when he or she

- (a) dies or resigns,
- (b) is removed in accordance with subsection (3),
- (c) is not qualified under section 84.12 (1), or

(d)is removed in accordance with the constitution or rules.

(2)A resignation of a director becomes effective at the time a written resignation is delivered to the registered office of the credit union or at the time specified in the resignation, whichever is later.

(3)A credit union, despite any provision in the constitution or rules, may,

- (a)by special resolution, remove a director before the expiration of the director's term of office, and
- (b)by ordinary resolution, appoint another person in that director's stead.

#### **Vacancy and quorum**

**84.25** (1) Unless the rules otherwise provide, a casual vacancy that occurs among the directors may be filled for the unexpired term by the remaining directors.

(2) If the number of directors of a credit union is reduced below the number set by, or under, the rules as the necessary 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.

(3) If there are no directors, a majority of the members entitled to elect directors may, by instrument in writing, designate one director to exercise the rights of continuing directors under subsection (2).

#### **Notice of cessation**

**84.26** A credit union, within 14 days after the resignation or removal of a director or the credit union becoming aware of a director of the credit union not being qualified, must file with the registrar a notice, in the form established by the registrar, of the director ceasing to hold office, but no filing is necessary for a director who ceases to be a director and is re-elected or reappointed the same day.

### **Division 2 — Officers**

#### **President and secretary**

**84.3** (1) A credit union must have a president and a secretary, who must be different persons, and other officers as are provided for by the constitution or rules or by resolution of the directors.

(2) A person who is not qualified under section 84.12 (1) to become a director of a credit union must not be an officer of the credit union.

(3) If the rules do not provide for the election, appointment or removal of officers, the directors

- (a)must appoint or elect the secretary,

- (b)may appoint or elect other officers, and
- (c)may, with or without cause, remove any officer.

(4) The removal of an officer without cause is without prejudice to the officer's contractual rights, but the election or appointment of an officer does not of itself create any contractual rights.

**Duty to comply**

**84.31** A director or officer of a credit union must comply with this Act and the regulations, and with the constitution and rules of the credit union.

**Duty to disclose**

**84.32** An officer of a credit union who holds any office or possesses any property whereby, whether directly or indirectly, duties or interests might be created in conflict with his or her duties or interests as an officer of the credit union must disclose in writing to the president the fact and the nature and extent of the conflict.

**Duties of secretary**

**84.33** The secretary of a credit union must

- (a)keep or cause to be kept the records of the credit union,
- (b)make or cause to be made all required filings for the credit union with the registrar,
- (c)file with the registrar, within 14 days after the resolution is passed, a certified copy of every resolution that by this Act does not take effect until the resolution is filed with the registrar, and
- (d)perform other duties assigned to the office.

**Part 4 — Corporate Governance****Division 1 — Directors and Officers of Financial Institutions****Number of directors and unaffiliated directors**

**97** (1) A financial institution must have at least 5 directors, and, in the case of a trust company or an insurance company, at least 1/3 of the directors must be unaffiliated directors.

(2) On application by a trust company or an insurance company, if the superintendent believes, on reasonable grounds, that it is in the public interest, the superintendent may, for the purposes of subsection (1) and sections 61 (8) (b), 103 (2), 111 (3) and (4), 112 (1), 115 (1) and 135 (c), make a determination that an individual described by paragraph (h) of the definition of "unaffiliated director" is an unaffiliated director, unless that individual is also described in one or more of paragraphs (a) to (g) of that definition.

(3) The majority of the directors of every financial institution must be persons ordinarily resident in Canada.

(4) One director of every financial institution must be ordinarily resident in British Columbia.

(5) Without limiting section 124 of the *Business Corporations Act*, an individual is not qualified to become or act as a director of a trust company or an insurance company if that individual's registration in any capacity has been cancelled under

- (a)the *Securities Act* by either the British Columbia Securities Commission or the executive director, or
- (b)the *Mortgage Brokers Act* by the Commercial Appeals Commission, the Financial Services Tribunal or the registrar under that Act, unless the person or body that cancelled the registration otherwise orders at the time of cancellation, or unless 5 years have elapsed since the cancellation of the registration.

(6) An order must not be made under subsection (5) of this section unless notice of the application for the order is given to the superintendent, who may appear as a party to the application.

**Repealed**

**98** [Repealed 2011-29-72.]

**Cumulative voting for directors**

**98.1** (1)The articles of a trust company or an insurance company may provide for cumulative voting by members in the election of directors and, in that event, the articles must include provisions to the following effect:

- (a)that the trust company or insurance company have a specific number of directors, with no allowance for minimum and maximum numbers of directors;
- (b)that each member entitled to vote at an election of directors has the right to cast a number of votes equal to the number of votes attached to the shares held by the member multiplied by the number of directors to be elected, and that each member may cast all the votes in favour of one candidate or distribute the votes among the candidates in any manner;
- (c)that a separate vote of members must be taken with respect to each candidate nominated for director unless a resolution is passed unanimously permitting 2 or more persons to be elected by a single resolution;
- (d)that, if a member has voted for more than one candidate without specifying the distribution of votes among the candidates, the votes must be distributed equally among the candidates;
- (e)that, if the number of candidates nominated for director exceeds the number of positions to be filled, the candidates who receive the least number of votes must be eliminated until the number of candidates remaining equals the number of positions to be filled;
- (f)that a director may not be removed from office if the votes cast against removal would be sufficient to elect a director if they were voted cumulatively at an election at which the same total number of votes were cast and the number of directors required by the articles were being elected;
- (g)that the number of directors required by the articles may not be decreased if the votes cast against the motion to decrease would be sufficient to elect a director if they were voted cumulatively at an election at which the same total number of votes were cast and the number of directors required by the articles were being elected.

(2) Despite subsection (1), a provision in the articles of a trust company or an insurance company that authorizes cumulative voting by members in the election of directors does not apply when any one member of the company beneficially owns or controls, directly or indirectly, all of the issued voting shares in the company.

(3) If the articles of a trust company or an insurance company provide for cumulative voting, no holders of any class of shares of the trust company or insurance company have an exclusive right to elect one or more directors.

(4) If the articles of a trust company or an insurance company provide for cumulative voting, the members of the trust company or insurance company must,

- (a)at the first annual meeting of members held not earlier than 90 days following the date that cumulative voting is provided for in the articles, and

(b)at each succeeding annual meeting,  
elect directors to hold office until the close of the next annual meeting of members following the  
directors' election.

**Removal of directors and officers**

99 (1) Without limiting section 97 (5) of this Act, section 124 or 141 (3) of the *Business Corporations Act* or section 84.12 or 84.3 (2) of the *Credit Union Incorporation Act*, no person is qualified to become or act as a director or officer of a financial institution who is a public servant whose duties relate to financial institutions.

(2) Without limiting section 128 of the *Business Corporations Act* or section 84.24 of the *Credit Union Incorporation Act*, if the superintendent is satisfied that a director or officer of a financial institution or of its subsidiary

- (a)because of section 97 (5) of this Act, section 124 or 141 (3) of the *Business Corporations Act* or section 84.12 or 84.3 (2) of the *Credit Union Incorporation Act*, is not qualified to be a director or an officer,
- (b)because of subsection (1), is not qualified to be a director or officer,
- (c) within the last 5 years has been bankrupt in Canada or elsewhere,
- (d)has a conflicting interest that prevents the director or officer from properly discharging the duties as director or officer,
- (e)is contravening or has contravened a written undertaking given under this Act,
- (f)is an individual who ought not to be in a position to control or influence a financial institution, or
- (g)is an individual who has been
  - (i)convicted of an offence in Canada or another jurisdiction arising from a transaction, business or course of conduct related to financial services, or
  - (ii)found by a regulator or a court in Canada or another jurisdiction to have contravened the laws of that jurisdiction respecting financial services,

the superintendent may order that the director or officer cease to be a director or officer of the financial institution; and on the date of the order the director or officer ceases to be a director or officer of the financial institution.

(3) When an individual ceases to be a director or officer of a financial institution under subsection (2), then, despite the *Business Corporations Act* or the *Credit Union Incorporation Act*, the individual is not eligible to again be or act as a director or officer of a financial institution without first applying for and receiving the consent of the superintendent.

(4) A financial institution must deliver written notice immediately to the superintendent of the resignation, removal, election or appointment of a director or senior officer.

(5) The superintendent may require a financial institution to provide any information the superintendent considers necessary to determine if there are grounds to take action under subsection (2).

**Credit union directors ceasing to hold office**

**100** Without limiting section 99 of this Act or section 84.24 of the *Credit Union Incorporation Act*, a director of a credit union ceases to hold office when the director

- (a) is not qualified under section 83 (3) of the *Credit Union Incorporation Act*,
- (b) is not, or ceases to be, eligible to be insured as required under section 206 of this Act,
- (c) being a person who is required under section 84 (3) of the *Credit Union Incorporation Act* to complete a director training program, fails to complete the program within the period specified under section 84 (2) (b) of that Act.

**Standard of care for directors and officers**

**101** (1) A director or officer of a financial institution, in exercising the powers and performing the functions of a director or officer, must

- (a) act honestly, in good faith and in the best interests of the financial institution, and
- (b) exercise the care, diligence and skill of a reasonably prudent person under comparable circumstances,

and in doing so must take into account the interests of shareholders, depositors, if any, and policy holders, if any, and, without limiting this, of those to whom the directors owe a fiduciary duty.

(2) The provisions of this section are in addition to, and not in derogation of, any enactment or rule of law or equity relating to the duties or liabilities of directors of a corporation.

(3) Every director and officer of a financial institution must act in accordance with this Act and the regulations under it.

**Director's application to Supreme Court — superintendent is party**

**101.1** The superintendent is a party to any proceedings in which a director of a trust company or an insurance company applies to the Supreme Court under section 70 (3) or 78 (2) of the *Business Corporations Act*.

**Indemnification of directors and officers**

102 (1) Except for an action by or on behalf of the financial institution to procure a judgment in favour of the financial institution, a financial institution may indemnify

- (a) a director or officer of the financial institution,
- (b) a former director or officer of the financial institution, or
- (c) an individual who, at the request of the financial institution, is or was a director or officer of a corporation of which the financial institution is or was a member or creditor,

against any costs, charges and expenses, including an amount paid to settle an action or proceeding or to satisfy a 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 or may be made a party because of being or having been a director or officer of the financial institution or corporation, if

- (d) the director or officer acted honestly and in good faith with a view to the best interests of the financial institution or corporation, as the case may be, and
- (e) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the director or officer had reasonable grounds for believing that the conduct was lawful.

(2) With the approval of a court, a financial institution may indemnify a person referred to in subsection (1) (a) or (b) for an action, whether threatened, pending, continuing or completed, by or on behalf of the financial institution to procure a judgment in favour of the financial institution, to which the person is or may be made a party because of being or having been a director or officer of the financial institution, against any costs, charges and expenses reasonably incurred in connection with the action if the conditions set out in subsection (1) (d) and (e) are fulfilled.

(3) A financial institution must indemnify a person referred to in subsection (1) (a) or (b) who has been substantially successful on the merits in the outcome of a civil, criminal or administrative action or proceeding, to which the person is made a party because of being or having been a director or officer of the financial institution, against all costs, charges and expenses reasonably incurred for the action or proceeding if the conditions set out in subsection (1) (d) and (e) are fulfilled.

(4) A financial institution or a person referred to in subsection (1) (a), (b) or (c) may apply to a court for an order approving an indemnity under this section and the court may make any order it thinks fit.

(5) An applicant under subsection (4) must give the superintendent not less than 14 days' notice of the application and the superintendent is entitled to appear and be heard in person or by counsel.

(6) On an application under subsection (4), the court may order notice to be given to any interested person and that person is entitled to appear and be heard in person or by counsel.

(7) A financial institution may purchase and maintain insurance for the benefit of a person referred to in subsection (1) (a), (b) or (c) against any liability incurred as a director or officer.

**Quorum and unaffiliated directors****103 (1) A quorum**

- (a) of a meeting of directors of a financial institution consists of the greater of
  - (i) 3 directors, or
  - (ii) a majority of the directors, and
- (b) of a meeting of a committee consists of a majority of the individuals comprising the committee.

(2) Even though

- (a) sufficient directors to form a quorum are present at a meeting of the directors of a trust company or insurance company, or
- (b) sufficient individuals to form a quorum are present at a meeting of a committee that is required to have unaffiliated directors as members,

there is not a quorum unless at least one of them is an unaffiliated director.

**Misuse of confidential information****104** If a director or officer of a financial institution or of an affiliate of a financial institution knows or reasonably ought to know that information is confidential to the financial institution, or to any affiliate of the financial institution the director or officer must not

- (a) disclose the information, or
- (b) enter into a transaction in which the director or officer makes use of the information,

in order, directly or indirectly, to obtain a benefit or advantage for the director, officer or anyone else other than the financial institution or any affiliate of it.

**Information required of directors and senior officers****105** Before commencing duties, a director or senior officer of a financial institution must complete and submit to the superintendent a personal information return in the form established by the superintendent that discloses the information required by the superintendent.**Meeting requested by auditor****106** The directors of a financial institution, if requested to do so by its auditor, must call a general meeting of members or a meeting of directors within 30 days after the request, to consider a report

made by the auditor regarding any matter arising out of the financial affairs of the financial institution.

**Meeting requested by superintendent**

107 (1) The superintendent by order may require a meeting of the directors of a financial institution for the purpose of considering matters specified in the order within the time specified in the order; and on receiving the order the directors must inform the superintendent in advance of the time and, if applicable, the place of the meeting.

(1.1) If a meeting ordered under subsection (1) is an electronic meeting, the directors of the financial institution must also provide the superintendent with instructions for attending and participating in the meeting by telephone or other communications medium.

(2) The superintendent may attend and be heard at a meeting ordered under subsection (1).

**Director's statement on own resignation or pending removal**

108 (1) A director of a financial institution who

- (a)resigns,
- (b)receives a notice or otherwise learns of a meeting of members called for the purpose of removing the director from office, or
- (c)receives a notice or otherwise learns of a meeting of directors or members at which another person is to be appointed or elected to fill the office of director because of the director's resignation or removal is entitled to submit to the financial institution a written director's statement giving the reasons for the resignation or the reasons why the director opposes any proposed action or resolution.

(2) If a director of a financial institution resigns as a result of a disagreement with the other directors or the management of a financial institution and does not take action under subsection (1), the director must submit to the superintendent a written director's statement giving the reasons for the resignation.

**Circulation of director's statement**

109 (1) On receiving a written director's statement under section 108 (1), the financial institution must deliver it to the superintendent immediately, and, unless the directors consider on reasonable grounds that delivery of the statement would materially and adversely affect the financial institution's financial viability, the financial institution must also deliver the statement immediately to its members who are entitled to notice of meetings.

(2) If the directors, on the basis set out in subsection (1), decide against delivery of the statement to the members, they must so inform the superintendent who, despite that decision, may order the financial institution to deliver the statement immediately to its members who are entitled to notice of meetings.

(3) A financial institution or person acting on its behalf does not incur any liability only because of circulating a written director's statement in compliance with subsection (1).

**Directors' remuneration**

**110** (1) The remuneration, if any, of the directors of a financial institution in relation to their service as directors may be established by ordinary resolution.

(2) The members of a financial institution, by special resolution, may permit the remuneration, if any, of the directors to be established by the directors.

**Committees**

**111** (1) Subject to subsections (2) and (3) and the charter of the financial institution, the directors of a financial institution may delegate any of their powers to a committee appointed or elected by them.

(2) A committee does not have authority to

- (a) fill a vacancy among the directors or the members of the audit committee, or the investment and loan committee, or in the office of the auditor, or appoint or remove the chief operating officer, however designated, the chief executive officer, however designated, the chief financial officer, however designated, the chair of the board or the president of the company,
- (b) issue securities except in the manner and on the terms authorized by the directors,
- (c) declare dividends,
- (d) purchase, redeem or otherwise acquire shares issued by the financial institution,
- (e) approve an information circular,
- (f) approve a take over bid circular, directors' circular or issuer bid circular,
- (g) approve financial statements, or
- (h) adopt, amend or repeal directors' bylaws.

(3) If the directors of a financial institution appoint or elect a committee, the committee must consist of not fewer than 3 individuals and, in the case of a trust company or insurance company, at least one of them must be an unaffiliated director.

(4) A committee appointed by the directors of a trust company or insurance company must not conduct any business unless at least one unaffiliated director is present at the meeting.

**Conduct Review committee**

112 (1) The directors of a financial institution must elect from among themselves a conduct review committee consisting of at least 3 directors and, in the case of a trust company and an insurance company, 2/3 of the committee members must be unaffiliated directors.

(2) The conduct review committee, in addition to the duties set out in Part 5, must establish written procedures

- (a)to provide disclosure in prescribed circumstances to customers of the financial institution, and
- (b)designed to prevent conflicts of interest and to resolve them if they occur, setting out in those procedures techniques for the identification of potential conflict of interest situations and for restricting the flow of confidential information.

(3) The conduct review committee at intervals of not more than 2 years must review the written procedures established under subsection (2).

FINANCIAL INSTITUTIONS ACT  
[RSBC 1996] CHAPTER 141

**Part 5 — Related Parties**

**Interpretation and designation of related parties**

**144** (1) In this Part, a "related party" of a financial institution means a person who

- (a) is a director or senior officer of the financial institution or of the holding company of the financial institution or is acting in a similar capacity in respect of an unincorporated entity that controls the financial institution,
- (b) is a member of a prescribed class of employees of the financial institution or the holding company of the financial institution,
- (c) owns directly 10% or more of the non-voting shares in the financial institution, not counting any non-equity shares in the case of a credit union,
- (d) owns or controls, directly or indirectly, 10% or more of any class of voting shares in the financial institution,
- (e) is a sole practitioner who is an auditor of the financial institution,
- (f) is actively engaged in auditing the financial institution and is a partner in a partnership that is an auditor of the financial institution,
- (g) is the spouse of an individual who is a related party under paragraph (a), (b), (c), (d) or (j) or under subsection (2),
- (h) is a child who is less than 18 years of age of an individual who is a related party under paragraph (a), (b), (c), (d) or (j) or under subsection (2),
- (i) is a corporation in which a person who is a related party under paragraph (a), (b), (c), (d) or (j) or under subsection (2) has or controls, directly or indirectly, more than 50% of the votes that are attached to the outstanding voting shares of the corporation and that may be cast in the election of the directors, or
- (j) is designated under subsection (3) as a related party,

but does not include,

- (k) when used in relation to a credit union, a central credit union or an entity that is designated by regulation, or
- (l) when used in relation to a central credit union,
  - (i) a member of the central credit union,

- (ii)a cooperative credit society incorporated under the *Cooperative Credit Associations Act* (Canada), or
- (iii)an entity that is designated by regulation, and a member or shareholder of that entity.

(2) An individual who, having been a related party under subsection (1) (a), (b), (c), (d) or (j) of a financial institution, ceases to be a related party under that subsection nevertheless continues for the purposes of this Part to be a related party of the financial institution for the 12 months commencing on the date the individual ceases to be a related party as defined in subsection (1) (a), (b), (c), (d) or (j).

(3) For the purposes of this Part, the superintendent by order may

- (a)designate a person as a related party of a financial institution if in the superintendent's opinion there exists between the person and the financial institution an interest or relationship that might reasonably be expected to affect the exercise of the best judgment of an officer or director of the financial institution with respect to an investment, loan or other transaction, or
- (b)designate a person as a related party of the financial institution if in the superintendent's opinion the person is acting in concert with one or more other persons to own or control, directly or indirectly, 10% or more of any class of voting shares in the financial institution.

### **When related party transactions are permitted**

**145** A financial institution or a subsidiary of it may enter into the following transactions with related parties:

- (a)pay or confer a salary, fee, stock option, pension, benefit or incentive benefit to a director or senior officer of the financial institution, or to a person who is in the class of employees prescribed for the purpose of section 144 (1) (b) or designated under section 144 (3);
- (b)provide to related parties of the financial institution, at not less than fair market value, services or products that the financial institution or the subsidiary also provides in the ordinary course of its business to the public or, in the case of a credit union, to its members;
- (c)if the aggregate amount outstanding under all loans to an individual who is a related party of the financial institution will not exceed the prescribed amount, counting the amount of the intended loan, make a loan to an individual who is a related party of the financial institution under paragraph (a) or (b) of the definition of "related party" in section 144;

(d)buy from, or sell to, a related party of the financial institution, for a nominal amount, as defined in the regulations, property or services having a fair market value that does not exceed that nominal amount.

**Conduct review committee's power to approve other transactions**

**146** (1) Except for a transaction that is described in section 145 or that is the subject of a consent under section 147, a financial institution or a subsidiary of it must not enter into a transaction with a related party of the financial institution unless the transaction, at the time it is entered into, is

- (a) a specific transaction, or
- (b) in a class of transactions

approved in writing for the purpose of this section by the conduct review committee of the financial institution.

(2) The conduct review committee of a financial institution must not approve a specific transaction or class of transactions for the purpose of this section unless the specific transaction or class of transactions is in the best interests of the financial institution or, if entered into by a subsidiary of it, in the best interests of both the financial institution and the subsidiary.

(3) The conduct review committee must specify in the written approval referred to in subsection (1) the factors considered by it in determining whether the specific transaction or the class of transactions is in the best interests of the financial institution or the financial institution and its subsidiary, as the case may be, and the factors considered must include

- (a) the fair market value of the consideration paid by or received by the financial institution or the subsidiary,
- (b) the nature of the transaction in relation to the usual business of the financial institution or the subsidiary,
- (c) in the case of a transaction involving a loan by the financial institution or the subsidiary, the nature of the security and its value in relation to the principal amount of the loan, and
- (d) prescribed factors.

**When superintendent may consent to related party transactions**

**147** (1) A financial institution or a subsidiary of it may enter into a transaction with a related party of the financial institution if the transaction, at the time it is entered into, is

- (a) a specific transaction, or
- (b) in a class of transactions

consented to by the superintendent.

(2) The superintendent may give a consent under subsection (1) if satisfied that the specific transaction or that any transaction in the class of transactions, as the case may be,

(a) is not and will not be contrary to the interests of

(i) the financial institution or the subsidiary or both, as the case may be,

(ii) depositors or policy holders of the financial institution,

(iii) any persons for whom the financial institution acts in a fiduciary capacity, or

(iv) the related party, and

(b) does not, will not and is not intended to obscure the financial condition of the financial institution, of the subsidiary or of the related party.

#### **Restrictions on self dealing as a fiduciary**

**148** (1) Except as provided in this section, a financial institution that holds money as a fiduciary must not

(a) invest that money in securities issued by the financial institution or by a related party of it, or

(b) use that money in any transaction with a related party of the financial institution.

(2) A financial institution may act as a fiduciary in one or more trusts or estates in which there are securities issued by the financial institution or a related party of the financial institution if the securities were

(a) acquired by the person for whom the financial institution acts as a fiduciary, or

(b) held in the trust or estate before the financial institution assumed responsibility as a fiduciary.

(3) If a financial institution acts as a fiduciary in one or more trusts or estates in which securities are held that were issued by the financial institution or by a related party of it, the financial institution must not sell or vote the securities or refuse an offer for them without first receiving the written approval of the conduct review committee and that committee must enter the reasons for the sale, vote or refusal in its minutes.

(4) The conduct review committee at least annually must provide a written report to the directors of the financial institution on securities that have been

(a) issued by the financial institution or by a related party of it, and

(b) held in a trust or estate by the financial institution as a fiduciary

during its immediately preceding financial year and the conduct review committee in the report must give the reasons for any approvals given or denied under subsection (3) during that financial year.

(5) Even though subsection (1) would otherwise prohibit it from doing so, a financial institution or a related party of it may

- (a) carry out an express or a specific permission or a direction that is
  - (i) made by a court, or
  - (ii) contained in an instrument creating a fiduciary duty
    - (A) to purchase or sell securities of the financial institution or of the related party, or
    - (B) to enter into a transaction with the financial institution or a related party of the financial institution, as the case may be,
- (b) if the financial institution or related party does so as a fiduciary, make an investment in a bond, note or other evidence of indebtedness that is issued by the financial institution or by the related party, as the case may be, and for which there is a published market, or
- (c) if the financial institution or related party does so as a fiduciary, make an investment or enter into a transaction in which one or more co-fiduciaries of the financial institution or related party can direct and has or have directed that the investment or transaction be made without the agreement of the financial institution or related party.

#### **Disclosure by related parties**

**149** (1) Where, in respect of any proposed transaction of the financial institution or its subsidiary, a financial institution has reason to believe that the other party to the transaction is a related party of the financial institution, the financial institution must take all reasonable steps to obtain from the other party full disclosure, in writing, of an interest or relationship, direct or indirect, that would make the other party a related party of the financial institution.

(2) A financial institution and a director, officer, employee or agent of the financial institution may, if acting reasonably, rely on the information contained in a disclosure received by the financial institution in accordance with subsection (1) or information otherwise acquired in respect of a matter that might be the subject of the disclosure and no action or proceeding lies against the financial institution or a director, officer, employee or agent for anything done or omitted in good faith in reliance on the information, including without limitation, an action or proceeding under section 150 or 151.

(3) The disclosure referred to in subsection (1) of this section must not be relied on under subsection (2) of this section unless it is evidenced in a consent resolution, the minutes of a meeting or another record deposited in the financial institution's records office.

### **Voidable transactions**

**150 (1)** If

- (a) a financial institution or its subsidiary, director, senior officer or employee fails to comply with this Part, or
- (b) a transaction that is prohibited under this Part takes place,

the financial institution or superintendent may apply to the Supreme Court for an order setting aside the transaction.

(2) On application under subsection (1), the Supreme Court may make any order it thinks fit, including, instead of or in addition to an order setting aside the transaction,

- (a) an order that a person
  - (i) account for a profit or gain realized in the transaction,
  - (ii) pay to the financial institution or a subsidiary of a financial institution any damages suffered by the financial institution or the subsidiary in the transaction, or
  - (iii) pay to the financial institution or the subsidiary any amount
    - (A) paid by the financial institution or the subsidiary,
    - (B) lent by the financial institution or the subsidiary, or
    - (C) expended by the financial institution or the subsidiary in the transaction,
- (b) an order for compensation for loss or damage suffered, and
- (c) an order awarding punitive or exemplary damages against any person.

(3) A person is not liable in a proceeding under this section unless the person knew or reasonably ought to have known that the transaction was made in contravention of this Part.

### **Derivative action**

**151 (1)** If an action is brought under section 232 of the *Business Corporations Act* or section 84.4 of the *Credit Union Incorporation Act* in relation to a transaction that is prohibited under this Part, the powers of the Supreme Court include the power to make an order that a person who authorizes, acquiesces in, participates in or facilitates the transaction pay to the financial institution or a subsidiary of a financial institution any

- (a) damages suffered by the financial institution or the subsidiary,
- (b) amount paid by the financial institution or the subsidiary in the transaction,

(c) amount lent by the financial institution or the subsidiary, or  
(d) amount expended by the financial institution in the transaction.

(2) If a transaction that is prohibited under this Part is made or entered into, the right to bring an action conferred on a complainant by section 232 (2) (a) and (b) of the *Business Corporations Act* or section 84.4 (2) (a) and (b) of the *Credit Union Incorporation Act* is deemed also to be conferred on the superintendent.

### **Liability arising from related party transactions**

**152** (1) A person who authorizes, acquiesces in, participates in or facilitates a transaction that is prohibited under this Part is liable in an action brought under section 232 of the *Business Corporations Act* or section 84.4 of the *Credit Union Incorporation Act*, jointly and severally with every other person who authorizes, acquiesces in, participates in or facilitates the prohibited transaction.

(2) A person is not liable in an action brought under section 232 of the *Business Corporations Act* or section 84.4 of the *Credit Union Incorporation Act* unless the person knew or reasonably ought to have known that the transaction was made in contravention of this Part.

### **Burden of proof**

**153** If a question arises in civil proceedings as to whether a financial institution, a subsidiary of a financial institution or a related party of a financial institution has, in acting under this Part, acted in compliance with the requirements of this Part, the burden of proof that it acted in compliance with the Part is on the financial institution, the subsidiary or the related party, as the case may be.

### **Reporting by auditor**

**154** If an auditor of a financial institution has made a report to the directors of a financial institution under section 123 (1) (c), and the report discloses a breach of a provision of this Part, the auditor must also immediately report the matter in writing to the superintendent.



## APPLICATION FOR DIRECTORSHIP

Name: \_\_\_\_\_  
*Surname* \_\_\_\_\_ *Given Names* \_\_\_\_\_

Birthdate: \_\_\_\_\_

Mailing Address: \_\_\_\_\_  
\_\_\_\_\_

Length of time at present address: \_\_\_\_\_

Do you have any relatives that are employees or Directors of Cascadia Credit Union?  
\_\_\_\_\_. If so, state names of person(s) and relationship:  
\_\_\_\_\_

Your Account Number: \_\_\_\_\_

Levels of education attained:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Present Employer and/or Profession: \_\_\_\_\_

Position Held: \_\_\_\_\_ How Long: \_\_\_\_\_

Community activities (Service Clubs, other Boards, etc.):  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Have you ever been affiliated with a Credit Union in the way of membership, employment,  
or a Directorship? \_\_\_\_\_.

If so, in what capacity and which Credit Union?

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Why are you interested in Directorship at Cascadia Credit Union?

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What specific ability and/or experience can you contribute to Cascadia Credit Union as a Director?

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Please list two character references (excluding relatives):

1. Name: \_\_\_\_\_

Address: \_\_\_\_\_

Phone No.: \_\_\_\_\_

2. Name: \_\_\_\_\_

Address: \_\_\_\_\_

Phone No.: \_\_\_\_\_

I hereby authorize Cascadia Credit Union to obtain such credit information as required in connection with my application for Directorship of this Credit Union.

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*Signature*

---

*Date*

***Note: This application will be kept in strict confidence for the perusal of the Board of Directors and Executive Management of Cascadia Credit Union only.***

## **DECLARATION OF WILLINGNESS TO STAND FOR ELECTION**

I, \_\_\_\_\_, of \_\_\_\_\_, in the Province of British Columbia,

Member No.\_\_\_\_\_, of Cascadia Credit Union, do hereby declare that:

1. I am a member in good standing of the Credit Union;
2. I am willing to stand for election and if elected I will serve as a Director of the Credit Union;
3. If elected as a Director of Cascadia Credit Union, I will observe:
  - a. the Director's conflict guidelines as they are adopted from time-to-time by the Board of Directors; and
  - b. the rules of the Credit Union and regulations relating to elections and the conduct thereof.

Signature:

Date: \_\_\_\_\_



Date: \_\_\_\_\_

Nominating Committee  
Cascadia Credit Union  
Box 750  
Summerland, B.C. V0H 1Z0

Dear Committee Members;

As a member in good standing of Cascadia Credit Union, I hereby nominate

\_\_\_\_\_ as a worthy candidate for election to the board of Directors  
of Cascadia Credit Union.

Sincerely,

\_\_\_\_\_  
*Signature*

Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_



Date: \_\_\_\_\_

Nominating Committee  
Cascadia Credit Union  
Box 750  
Summerland, B.C. V0H 1Z0

Dear Committee Members;

As a member in good standing of Cascadia Credit Union, I hereby nominate

\_\_\_\_\_ as a worthy candidate for election to the board of Directors  
of Cascadia Credit Union.

Sincerely,

\_\_\_\_\_  
*Signature*

Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_



Date: \_\_\_\_\_

Nominating Committee  
Cascadia Credit Union  
Box 750  
Summerland, B.C. V0H 1Z0

Dear Committee Members;

As a member in good standing of Cascadia Credit Union, I hereby nominate

\_\_\_\_\_ as a worthy candidate for election to the board of Directors  
of Cascadia Credit Union.

Sincerely,

\_\_\_\_\_  
*Signature*

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

## 1. Purpose

- The purpose of the Director Candidate Skills and Experience Matrix is to provide a non-critical analysis of the existing competencies and skills of each individual candidate. The results will provide valuable insight into the collective skills and experience for the Board to determine where there may be gaps that need to be filled by future candidates. In this way, the credit union can effectively build a better board for the long term.
- A detailed position description will be included as part of the process, in order to better understand the requirements and complexities involved in being elected to the Board of Directors for Cascadia Credit Union.

## CCU Director Candidate Skills and Experience Matrix

Rate yourself using the following scale: <b>4 = excellent    3 = good    2 = fair    1 = poor</b>					
Personal Attributes (behavioural characteristics and attitudes)	Rating				
	4	3	2	1	
1. <b>Ethical</b> – operate with integrity and honesty in both professional and personal business					
2. <b>Flexible</b> – responsive and willing to consider change					
3. <b>Respectful</b> – willing to listen to others and value diverse opinions and multiple perspectives; participate in constructive dialogue using diplomacy and empathy					
4. <b>Team-oriented</b> – able to work collaboratively as a member of a team; participate fully, sharing knowledge and expertise					
5. <b>Supportive</b> – provide positive and consistent support for Board and management decision-making processes					
6. <b>Persuasive/Influential</b> – ability to influence people					
7. <b>Decisive</b> – able to make well-informed decisions at both the individual and group level					
8. <b>Provocative</b> – willing to stimulate discussion by challenging ideas in a direct and non-critical manner					
Core Competencies (skills, knowledge and/or experience)	Rating				
	4	3	2	1	
1. <b>Strategic Thinking</b> – use critical thinking, articulate and guide long-term vision.					
2. <b>Analytical/Technical</b> – financial literacy, critical analysis					
3. <b>Communication</b> – engage in effective communication through committed listening, speaking, observing, writing or presentation					
4. <b>Corporate Governance</b> – understand the role and responsibilities of the Board (incl. accountabilities and liabilities)					

Core Competencies (skills, knowledge and/or experience)	Rating			
	4	3	2	1
5. <b>Leadership</b> – model leadership behaviors and be able to distinguish between Board and management responsibilities				
6. <b>Change Management</b> – understand the fundamentals of change management; manage/lead change initiatives				
7. <b>Innovation/Creativity</b> – question and challenge conventional approaches and support innovation				
8. <b>Problem Solving &amp; Judgment</b> - manage conflict and resolve problems in a group setting; work towards consensual solutions; use significant evaluative judgment				
Areas of Expertise (professional and personal experience)	Rating			
	4	3	2	1
1. <b>Business</b> – operate/manage a business or other organization				
2. <b>Finance/Accounting</b> – professional designation or experience in financial management				
3. <b>Financial Services</b> – an understanding of the financial services industry, wealth management and the insurance industry; an understanding of the role of credit unions and risk management				
4. <b>Corporate Governance</b> – understanding of and experience with board structures and corporate governance processes				
5. <b>Human Resources/Labour Management</b> – knowledge and experience in HR, labour relations and labour standards				
6. <b>Community Service/Social Responsibility</b> –involvement in community service and not-for-profit organizations				
7. <b>Real Estate</b> – understanding of local real estate market				
8. <b>Legal</b> – law degree or experience managing corporate legal issues				
9. <b>Communications</b> – public communications, government relations or business communications experience				
10. <b>Sales &amp; Marketing</b> – experience in retail sales and marketing, a thorough understanding of the sales culture				
11. <b>Information Technology</b> –understanding and knowledge of IT related issues and emerging technology				
12. <b>Project Management</b> –understanding of managing projects at a senior level				

Areas of Expertise (professional and personal experience)	Rating			
	4	3	2	1
13. <b>Economic Development</b> – experience in the area of community and/or economic development				
14. <b>Consumer Advocacy</b> – experience representing consumer interests				
15. <b>Minority</b> – experience working with or representing minority groups				
16. <b>Education</b> – experience in the field of education and training				
17. <b>Risk Management</b> – Familiar with Risk Management practices				
18. <b>Lending</b>				
19. <b>Strategic Planning</b>				

Continuing Education: \_\_\_\_\_

If elected, what do you see yourself specifically contributing to the Board?

Name: \_\_\_\_\_

Date: \_\_\_\_\_



**INSTRUCTIONS**

1. [See page four](#) for instructions
2. Contact:  
BC Financial Services Authority  
600 - 750 West Pender Street  
Vancouver, BC V6C 2T8  
Web: <https://www.bcfsa.ca/>  
Ph: 604-660-3555 Toll-free: 1-866-206-3030  
(BC) Fax: 604-660-3365

***Freedom of Information and Protection of Privacy Act (FOIPPA)***

The information requested on this form is collected under the authorities of sections 26(a) and 26(c) of *FOIPPA*; sections 11(3)(e) and 15.1(5)(a) (iii) of the *Credit Union Incorporation Act*; (*CUA*); sections 13(2)(e), 22(2)(c), and 105 of the *Financial Institutions Act* (*FIA*); section 3(c) of the Trust and Deposit Business Exemption Regulation; and section 3 of the *Insurance (Captive Company) Act* (*ICCA*). The information is collected for the purposes of administering the *CUA*, *FIA*, and *ICCA*. If you have any questions about the collection or use of this information, please contact the Privacy Officer at 604-660-3555, 600 - 750 West Pender Street, Vancouver, BC, V6C 2T8.

**PART A – GENERAL INFORMATION**

1. Form being submitted is	<input type="checkbox"/> New submission	<input type="checkbox"/> Update to existing information
Specify which section of the form		
2. Personal Information for (check all that apply)	<input type="checkbox"/> Director <input type="checkbox"/> Senior Officer <input type="checkbox"/> Shareholder (controlling 10% or more of the voting shares)	
Substantial Shareholder (specify %)		
Exempt Trust Societies		
<input type="checkbox"/> Officer <input type="checkbox"/> Employee		
Commencement or Share Acquisition Date (mm/dd/yyyy)		
3. Name of Organization		
4. Full Legal Name (first, middle, last)		
5. All Previous Names (first, middle, last)		
6. Residential Address (street number, city, province, postal code)		
7. Phone Number		8. Email Address
9. Citizenship		10. Place of Birth (city, country)
11. Date of Birth (mm/dd/yyyy)		
12. If you were born outside of Canada, indicate the date of your arrival in Canada (mm/dd/yyyy)		
13. Have you, at any time, resided in a country outside of Canada (Please note, this is also applicable if the place of birth is outside of Canada)		<input type="checkbox"/> Yes <input type="checkbox"/> No
If Yes, please indicate the dates and locations (country, state, province or territory) of each residency (mm/dd/yyyy)		
From	Until	Location
From	Until	Location
14. Driver's License #		15. Issuing Province/Territory

**PART B – EMPLOYMENT**

1. Position/Occupation
2. Name of Employer

3. Employer's Address (street number, city, province, postal code)

4. Phone Number

5. Email Address

**A current resume must be included with this form as per [Instructions](#)**

## **PART C – OTHER INFORMATION**

1. List any memberships in professional societies or associations (if none, please indicate)

2. List any directorships held (if none, please indicate)

3. List any companies in which you own or control more than 10% of the voting shares (if none, please indicate)

4. Connected party of a Trust or Insurance Company per section 48 of the *Financial Institutions Act*  Yes  No

5. Have you ever been convicted of, or are you currently charged with an offence, under the *Criminal Code* of Canada, provincial/territorial legislation, or the legislation of any jurisdiction outside of Canada, for

which you have not been granted a pardon and/or record suspension? (includes impaired driving)

If Yes, please provide the type and details of the conviction or offence:

From (mm/dd/yyyy)	Description
From (mm/dd/yyyy)	Description

**A Criminal Record Check report must be provided as per [Instructions](#)**

6. Is any disciplinary action open against you by a professional organization or self-regulatory body, or have you been censured, suspended or disqualified by a professional organization or self-regulatory body? Has any civil judgment been made against you where monetary awards have been made, but not satisfied? Has any finding of liability been made against you involving fiduciary, trust, or fraud claims?

If Yes (include any companies of which you are or were a director or officer to which the questions above require a response), please provide the type and details of the judgement or action:

From (mm/dd/yyyy)	Description
From (mm/dd/yyyy)	Description

7. Under the laws of any province, territory, state, or country, have you ever: (a) been petitioned into bankruptcy, (b) made a voluntary assignment in bankruptcy, or (c) filed a proposal under any bankruptcy or insolvency legislation?

If Yes to 7. (a) or (b), please provide the following:

i. Date of Assignment or Receiving Order (mm/dd/yyyy)

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ii. Date of Absolute Discharge (mm/dd/yyyy)

iii. If Conditional, Date of Conditional Discharge (mm/dd/yyyy)

If Conditional Discharge, provide description of conditions:

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iv. Cause of Bankruptcy/Insolvency

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If Yes to 7. (c), please provide the following

v. Date of proposal (mm/dd/yyyy)

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vi. Proposal was  Accepted  Rejected

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vii. Current Status

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viii. Description of Proposal Terms

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**A Bankruptcy and Insolvency Records Search Results report must be provided as per [Instructions](#).**

## **PART D – CERTIFICATION & CONSENT**

I, the undersigned,

- (a) certify that the foregoing statements are true, correct, and complete to the best of my knowledge, information, and belief.
- (b) consent to the BC Financial Services Authority making such enquiries as it sees fit of any person including but not limited to government institutions, courts, credit bureaus, financial institutions, current and past employers, and professional organizations or self-regulatory bodies to which I belong or have belonged for the purpose of investigating my suitability to be a person in a position to control or influence a financial institution (or other regulated entity), including, but not limited to, a criminal records search through the Royal Canadian Mounted Police or other law enforcement bodies and a bankruptcy and insolvency records search.
- (c) understand that the BC Financial Services Authority may also request additional information from me and/ or make a separate investigation including but not limited to under section 61(9)(a) of the *Financial Institutions Act*.
- (d) understand that making a statement in this return and supporting documents that, at the time and in the light of the circumstances under which the statement is made, is false or misleading with respect to a material fact or that omits to state a material fact, the omission of which makes the statement false, or misleading may have consequences including with respect to my suitability and/or at law.

Position/Title at Financial Institution

---

Signature

Date

## Instructions for Completing the Personal Information Return

This return is required pursuant to sections 13(2)(e), 22(2)(c), and 105 of the *Financial Institutions Act*, section 3 of the *Insurance (Captive Company) Act*, sections 11(3)(e), and 15.1(5)(a)(iii) of the *Credit Union Incorporation Act*, and section 3(c) of the Trust and Deposit Business Exemption Regulation, as applicable.

1. Upon completion, please submit all documents through the Integrated Regulatory Information System ("IRIS"). For further information on the submission method, please email us at [Filings@bcfsa.ca](mailto:Filings@bcfsa.ca).
2. This return must not be handwritten except for the signature and is offered as a fillable and savable PDF form for your convenience.
3. All applicable information must be provided. If additional space is required for answers, attach additional typed/printed sheets as necessary.
4. A resume that includes employment history up to the date of submission of this return must be provided.
5. Both a criminal record check, by an appropriate police agency, and a bankruptcy and insolvency check from the [Office of the Superintendent of Bankruptcy Canada](#) must be provided. The criminal record check and bankruptcy and insolvency checks must be conducted using the individual's full name and date of birth.
6. If more than one individual is identified in the search, or any of the boxes on the criminal record check results form are marked "may or may not exist" the applicant must apply for their criminal record. To do so, they must get fingerprinted and send a request to Ottawa to obtain the details. The person needs to send us explanation of what may be on their record and confirmation they have applied for the fingerprint based criminal record check with this form.
7. Please note that this return is to be filed with the BC Financial Services Authority for new directors, senior officers, and any controlling shareholders prior to taking office, commencing duties, or acquiring ownership. The bankruptcy and criminal record checks along with a resume do not need to be filed prior to taking office or commencing duties; these documents can be filed with us separately.
8. In order to qualify for an exemption under section 3 of the Trust and Deposit Exemption Regulation, each director, officer, and employee of the society engaged in the trust business of the society must submit a PIR to the Superintendent.
9. A PIR may also be used in satisfaction of the information required from a shareholder or reciprocal exchange under Sections 58, 187 of the FIA.
10. A new return is required to be completed and submitted to the BC Financial Services Authority immediately upon any change of information contained on the last filed return. A new criminal record check and/or bankruptcy and insolvency report is only required for subsequent changes to information contained in Section C. 5., C. 6. and/or C. 7.

Please visit our website at: <https://www.bcfsa.ca/>



## DIRECTORS' DISCLOSURE STATEMENT 2026

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**TO:** *The Board of Directors and to the Conduct Review Committee*

I have read Cascadia Credit Union's Conflict of Interest Policy, and hereby declare that I:

- (a) Have no duty to any person or interest, direct or indirect, in any private or personal business nor do I hold any office or property, which may give rise to a conflict with the duties and responsibilities owed to Cascadia Credit Union by virtue of my being a Director of Cascadia Credit Union;
- (b) Am not a Director, member, officer or employee of any other corporation, nor am I a partner in or owner of any firm other than those disclosed and approved, and other than those occurring as a result of my participation as a director of said Cascadia Credit Union Board;
- (c) Do not have any material direct or indirect ownership, interest or participation in outside business enterprises which have, or are contemplating having, dealings with Cascadia Credit Union;
- (d) Have not accepted, and will not accept, any gift or hospitality of material value offered or tendered by virtue of my position as a director of Cascadia Credit Union;

With the exception(s) of:

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I understand that, being a Director of Cascadia Credit Union, I am a related party of Cascadia Credit Union according to the *Financial Institutions Act*. I also understand that certain individuals and corporations may be related parties of Cascadia Credit Union by reason of their relationship to me. Therefore, in order to assist Cascadia Credit Union in identifying its related parties, I make the following disclosure:

1. The name of my spouse (including any person with whom I am now living as married, having done so continuously for the past two years) is:

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2. The names of my relatives, and those of my spouse, who live in the same home as me are:

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3. The corporations in which I have or control, directly or indirectly are:

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I understand that this statement does not relieve me of any duty of disclosure or any other duty imposed by law or any rule or policy of Cascadia Credit Union that is consistent with such law, in particular, the duty of a related party to disclose a direct or indirect interest in a specific transaction.

Name: \_\_\_\_\_

*Signature*

*Date*

# PRINCIPLES OF GOOD GOVERNANCE & SOUND BUSINESS PRACTICES

**STABILIZATION**  

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**CENTRAL CREDIT UNION**

# Principles of Good Governance & Sound Business Practices

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## Forward

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Stabilization Central Credit Union convened a task force to review and refresh the Standards of Sound Business and Financial Practices Enterprise Risk Management (ERM) Version (the Standards) that were developed over a decade ago. This exercise is necessary to recognize the increased focus on all aspects of risk to the credit union and the increased duty required by boards to provide robust governance.

The task force supports a tiered approach to governance for the BC credit union system. The top tier is the Principles of Good Governance. The Principles are very closely linked to the original standards. To demonstrate this and ensure continuity, all associated standards are referenced to a Principle.

The task force adopted a principle based approach in recognition that less prescription, as embodied in a rules/standards based approach, limits manipulation while allowing flexibility and respecting that the credit union is in the best position to interpret and define their governance regime.

An overarching governance principle that makes credit unions unique is the principle of cooperation. For this reason, the task force approach with all the Principles is in context of a co-operative lens. This principle is informed by voluntary membership, democratic member participation, concern for members, member economic participation, autonomy and independence, education, concern for the community, respect for the individual and co-operation among co-operatives. This principle guides all others in the governance and operation of BC credit unions.

After a thorough investigation and analysis of many rule and principle based governance models, the task force drew heavily from; BCFSA's Principles of Good Governance (2013), the Basel Committee on Banking Supervision's Corporate Governance Principle for Banks (2015), the Deposit Insurance Corporation of Ontario's consultation on guidelines for the board of directors, audit committee and management (2014), the International Financial Corporation's Standards on Risk Governance in Financial Institutions (2012) and of course the Standards of Good Business and Financial Practices (2004).

Each Principle is complimented with a checklist of board and management responsibilities in the fulfillment of good governance and accountability.

In updating guidance for BC credit union governance, the task force made an effort to avoid unnecessary complexity. The intent of the governance principles is to assist in the determination of how power is exercised and decisions made.

The task force determined a second tier of governance structure was required to bring meaning to the principles. To this end, guidelines have been developed to illustrate potential application of the governance principles. This is a concrete format to support the principles and aid in a common, acceptable interpretation of the principles. The Guidelines for Good Governance will continue to grow and evolve as a resource for BC credit unions.

The principles and guidelines are designed to provide BC credit unions with a practical framework in the understanding of good governance expectations and their adoption in relation to the credit union's particular circumstances.

The third tier of governance is a descriptive score card demonstrating *needs improvement, acceptable and strong* in the expression of governance through the principles. This benchmarking is intended to provide further guidance with flexibility while clarifying most importantly what minimum acceptable standards must be applied to ensure the safety and soundness of the BC credit union system.

This approach assumes an outcomes based approach is adopted by the provincial regulator, the Financial Institutions Commission of BC in its oversight function. The model reflects the increased responsibility of the board and management to create a risk aware and attuned environment in their stewardship of the credit union. BCFSA has been provided with the draft principles and bench marking template to review and provide feedback.

The benchmarking exercise is designed to provide additional guidance interpreting new and ambiguous regulatory expectations and to clarify acceptable levels of compliance. Benchmarking will focus on common areas of misunderstanding or evolving requirements around legislation or increasing areas of risk to credit unions.

The principles based approach reinforces regulatory credibility by demonstrating the regulatory regime is both reasonable and predictable. The principles, guidelines and benchmarks should aid in the understanding of regulatory expectations and reinforce respect for the credit union entity to govern within the established principles.

The principles should be reviewed annually by the board and management.

## PRINCIPLES

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### Principle 1 – Knowledge and Ability to Fulfill Role Responsibilities.

In order to fulfill the role responsibilities of the board, board committees and management, the roles must be defined including the authority and responsibilities of the role, the qualifications and skill composition required to be successful in that role.

The board sets the culture of risk and approves and supports the core values for the credit union. The tone from the top. Risk culture is not a thing but rather a dynamic, renewing process that consistently reinforces the organization core values and the board's risk appetite. It is an abstraction in that it involves the constant trade off of risk and reward with specific objective and subjective, formal and informal factors and practices. The culture is set independent of management and tools are utilized to hold management accountable to support the culture, values and strategies set by the board.

It is the board and board committees' responsibility to articulate the credit union's risk appetite in a meaningful, accessible doctrine and align expectations and behaviors with the risk appetite and ensure the board is fully informed of emerging and increasing risks and the credit union's risk capacity.

The board is ultimately responsible for the credit union's strategic direction, operational plan to achieve the strategic objectives, the operational budget, ensuring the appropriate structure for the board and key management roles have the competencies required, an entrenched risk management framework and the appropriate compliance regime.

This responsibility is carried out in collaboration with management who is responsible for developing the strategic plan, operational plan and budget, monitoring and reporting to the board on business operations, financial results and risk activity.

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#### Associated Original Standards

**Standard #1: Understand and Fulfill Responsibilities** – *It is sound business and financial practice for the Board of Directors to understand its responsibilities and evaluate objectively, on a regular basis, its effectiveness fulfilling those responsibilities.*

**Standard #3: Establish Board Committee and the Chief Executive Officer's Responsibilities and Accountability.** – *It is sound business and financial practice for the Board of Directors to:*

- (a) *Establish the responsibilities and authority of Board committees, including their accountability requirements;*
- (b) *Establish the responsibilities, authority and accountability requirements of the Chief Executive Officer(CEO);*
- (c) *Understand the responsibilities and authorities and accountability requirements delegated by the CEO.*

**Standard #12: Affirm a Control Environment** – *It is sound business and financial practice for the Board of Directors to obtain, on a regular basis, reasonable assurance that the credit union has a control environment.*

**Standard #25: Control Environment** – *It is sound business and financial practice for a credit union to ensure that:*

- (a) *There is a control environment that support effective management of operations and of the risks to which it is exposed and that contributes to the achievement of its business objectives;*
- (b) *The Board of Directors is provided with appropriate reports that will enable it to assess whether the credit union has such a control environment;*
- (c) *The independent internal audit function, on a regular basis, validates that the processes, policies, procedures and controls including risk management processes are being monitored and adhered to, and that appropriate action is being taken to address any significant weaknesses or breakdowns that have been identified.*

**Standard #26: Business Conduct and Ethical Behavior** – *It is sound business and financial practice for the CEO to:*

- (a) *Develop and submit to the Board of Directors for its consideration and approval standards of business conduct and ethical behavior for senior management and other personnel;*
- (b) *Develop appropriate processes and procedures that provide all personnel with anonymous and confidential process for reporting matters of serious concern regarding operations of the credit union to the governance level;*
- (c) *Ensure that the credit union has an ongoing effective process for ensuring adherence to standard of business conduct and ethical behavior;*
- (d) *Ensure that the Board of Directors is provided with appropriate reports that will enable it to assess whether the credit union has this process in place.*

**Standard #27:** *Process to Ensure Control – It is sound business and financial practice to ensure that there is an effective process for assisting the Board of Directors to assess whether the credit union is in control.*

## Checklist

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- Roles, responsibilities and accountabilities for directors, committees, committee and board chairs, the CEO and the executive are clearly defined and documented. (*Guidelines in Support of Good Governance*: 1.1, 1.2, 1.4, 1.8, 1.9, 1.10)
- The board understands and can demonstrate the required mix of qualifications, knowledge and experience needed by directors to fulfill their role. (*Guidelines in Support of Good Governance*: 4.1, 4.2, 4.3)
- The board understands and can demonstrate any skill, experience or knowledge gaps on the board, both current and future, have been identified and steps are being taken to fill the deficiencies. This is achieved through succession planning and securing independent skills and knowledge as a resource to the board. (*Guidelines in Support of Good Governance*: 1.13, 1.14)
- The board is satisfied and can demonstrate they receive comprehensive information on a timely basis on credit union operations and risks.
- The board is satisfied and can demonstrate the credit union is operating in accordance with the board's risk appetite, strategic plan and budget. (*Guidelines in Support of Good Governance*: 2.1, 2.2)
- The board and management have mechanisms in place to ensure the credit union's values and standards of conduct are being upheld.
- The board is satisfied and can demonstrate the executive management team possess the required skills, experience, knowledge and judgement to operationalize the strategic plans and maintain budgetary control of the credit union.

## Principle 2 – Develop and Support Risk Governance Framework

A risk governance framework is an integrated approach to the identification, assessment, management and communication of risks.

An effective independent risk management function is essential to good governance of the credit union. Independence of the function requires the risk culture and risk appetite is established by the board. Management responsibility is to identify emerging and changing risks, the risk assessment, management and reporting to the board. This management function needs the authority and independence to oversee the organization's risks and risk management activities with direct reporting to the board or the board risk committee.

Management is responsible for measuring emerging and changing risks that have the possibility of impacting strategic objectives of the credit union. These measurements utilize clearly understood metrics as both a communications and accountability tool. The board and management rely on the metrics to define the degree of potential impact an opportunity or an event will have on the credit union and most importantly the relationship to the board's risk appetite.

Management is responsible for planning and recommending risk responses. The response may be:

- Do nothing, choosing to continue to monitor the situation
- Transfer of the risk through insurance
- Avoidance of the risk
- Employ a strategy to mitigate the risk

It is management's obligation to alert the board to any risks beyond or approaching the boards' risk appetite. The board through management will then monitor the risk and determine the appropriate response.

The board or risk committee must have sufficient information to enable the board to challenge material risk decisions, in particular, any risks exceeding the board's risk appetite.

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#### Associated Original Standards

**Standard #9:** *Oversee Risk Management – It is sound business and financial practice for the Board of Directors to:*

- (a) *Develop and adopt a Risk Management Policy;*
- (b) *Understand significant risks to which the credit union is exposed;*
- (c) *Understand and assess the credit union's ability to accept risk;*
- (d) *Establish appropriate and prudent risk management policies for those risks;*
- (e) *Review those policies at least once a year to ensure that they remain appropriate and prudent;*
- (f) *Obtain, on a regular basis, reasonable assurance that there is an ongoing appropriate and effective risk management process.*

**Standard #16:** *Risk Management Process – It is sound business and financial practice for the CEO and senior management to ensure that the credit union has an ongoing and effective risk management process for:*

- (a) *identifying risks;*
- (b) *determining criteria for measuring each identified risk;*
- (c) *assessing whether the risks that are identified constitute significant risks in relation to its capacity to absorb the risk;*
- (d) *developing appropriate risk management policies;*
- (e) *measuring, the different types of risk to which the credit union is or may be exposed in relation to a single or concentrated risk;*
- (f) *taking action to manage the risks in accordance with the policies;*
- (g) *establishing effective processes, procedures and controls;*
- (h) *providing the Board of Directors with appropriate report on the management of significant risks;*

- (i) establishing processes to deal with and respond to extraordinary events;
- (j) providing the Board of Directors with appropriate reports that will enable it to assess whether the credit union has an ongoing, appropriate and effective risk management process.

**Standard #17:** Credit Risk – It is sound business and financial practice for a credit union that is exposed to significant credit risk to have adequately documented in the Investment and Lending Policy (ILP) as required by the Financial Institutions Act:

- (a) appropriate policies on the areas and types of credit the credit union is willing to engage; and
- (b) appropriate and prudent policies on exposure limits for a single risk

**Standard #18:** Investment and Market Risk – It is sound business and financial practice for a credit union that is exposed to significant market risk to have adequately documented in the Investment and Lending Policy. The credit union should also have procedures and controls for managing exposure to market risk.

**Standard #19:** Asset Liability Matching Risk – It is sound business and financial practice for a credit union to have appropriate Investment and Lending Policies on the types and extent of matching risk to which it is willing to be exposed and procedures and controls for managing that risk.

**Standard #20:** Fiduciary Risk – It is sound business and financial practice for a credit union to have appropriate and prudent policies on the types of fiduciary activities in which it is willing to engage.

It is sound business and financial practice for a credit union that is exposed to significant fiduciary risk either directly or indirectly through subsidiaries and/or contractual arrangements with a Key Partner/Supplier to have procedures and controls for managing that risk.

**Standard #21:** Operational Risk – It is sound business and financial practice for a credit union to effectively manage the exposure to operational risk including; identifying the risks, having appropriate policies and having the procedures and controls to manage the risks. Operational risks include but are not limited to: Credit Risk, Market Risk, IT Risk, Personnel Risk, Outsourcing Risk and reputational damage.

**Standard #24:** Regulatory Compliance Risk – It is sound business and financial practice to have appropriate and prudent policies to ensure compliance with the regulatory requirements.

## Checklist

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- The credit union has a risk governance framework in place. (*Guidelines in Support of Good Governance: Risk Oversight*)
- The board has adopted and broadly communicated its risk appetite statement. (*Guidelines in Support of Good Governance: 2.2*)
- The board and management have designed and adopted a meaningful measurement and tracking methodology for current, increasing and potential risks to the credit union. (*Guidelines in Support of Good Governance: 2.7*)
- The risk management policy is documented. (*Guidelines in Support of Good Governance: 2.1*)
- The board understands and can demonstrate full comprehension of the credit union's financial capacity to accept risk. (*Guidelines in Support of Good Governance: 3.4*)
- The board understands and can demonstrate the strategic plan and goals are aligned with the credit union's capacity and the risk environment. (*Guidelines in Support of Good Governance: 3.4*)
- The board is satisfied and can demonstrate the credit union has a comprehensive business continuity plan in place and as part of plan maintenance the plan is regularly tested, updated and documented. (*Stabilization Central Credit Union Business Continuity Plan Guidelines*)
- An inventory or registry of risks is maintained, prioritized using a commonly understood scale, and managed as an accountability to the board. (*Guidelines in Support of Good Governance: 2.7, 2.8, 2.9, 2.10*)

- The board has established prudent policies with respect to measurement and management of pertinent risks including but not limited to :
  - interest rate risk
  - market risk
  - lending risk
  - liquidity risk
  - capital risk
  - IT risk
  - strategic risk

*(Guidelines in Support of Good Governance: 1.9)*

- The board and executive are aware of operational failures that can cause reputational damage.

## Principle 3 – Strategy Planning and Performance

Effective governance and leadership requires clarity of purpose. For clear stewardship of the organization a well-defined strategic plan is required. Strategy and risk are closely aligned. Risk is defined as any obstacle to the achievement of strategic objectives.

The board approves and owns the strategic plan. Management develops the strategic plan. The strategic plan, taking into account the board's risks appetite, provides direction on how the organization will allocate resources.

Management creates the operational plan and budget annually to support the strategic plan. The operational plan and budget must be approved by the board and serve as a key control the board relies on to monitor management's effectiveness in achieving the strategic objectives of the credit union.

Further controls to monitor performance of the credit union is the articulation of key performance indicators or a balanced performance scorecard.

In order to monitor performance, the board must understand the importance of capital and liquidity to the credit union's viability and resilience. Management must keep the board informed of capital and liquidity positions and the impact to these measures from any decisions, investments or emerging risks.

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## Associated Original Standards

**Standard #15:** *Strategic Management Process – It is sound business and financial practice for the CEO and senior management to ensure the institution has a ongoing, appropriate and effective strategic management process.*

**Standard #8:** *Oversee Strategic Management – It is sound business and financial practice for the Board of Directors to:*

- (a) *establish the business objectives of the credit union, consider and approve the business strategy and business plans for significant operations.*
- (b) *evaluate actual operating and financial results against forecasts and business objectives;*
- (c) *obtain reasonable assurance there is an ongoing, appropriate and effective strategic management process.*

**Standard #10:** *Oversee Liquidity and Funding Management – It is sound business and financial practice for the Board of Directors to:*

- (a) *understand the liquidity and funding needs of the credit union;*
- (b) *establish appropriate and prudent liquidity and funding management policies.*

**Standard #11:** *Oversee Capital Management – It is sound business and financial practice for the Board of Directors to:*

- (a) *understand the capital needs of the credit union*
- (b) *establish appropriate and prudent capital management policies.*

**Standard #22:** *Liquidity and Funding Management – It is sound business and financial practice to ensure that the credit union has ongoing effective liquidity and funding management processes for:*

- (a) *identifying the ongoing funding and liquidity needed to enable the credit union to conduct its operations;*
- (b) *developing and submitting to the Board of Directors for its consideration and approval, appropriate liquidity and funding management policies;*
- (c) *managing the credit union's liquidity and funding in accordance with the liquidity and funding management policies and statutory requirements;*

**Standard #23:** *Capital Management – It is sound business and financial practice to ensure the credit union has an ongoing effective capital management process for:*

- (a) *identifying the capital needed to support the current and planned operation of the credit union;*
- (b) *developing and submitting to the Board of Directors for its consideration and approval appropriate and prudent capital management policies;*
- (c) *regularly measuring, monitoring and reporting on capital requirements and capital position.*

## Checklist

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- The board has approved the strategic plan.
- Management has developed business objectives aligned with the strategic plan to facilitate achievement of strategic goals. (*Guidelines in Support of Good Governance: 3.1*)
- Management has developed an annual operational plan and budget aligned with board approved strategic objectives.
- The board understands and can demonstrate current knowledge of financial performance and achievement of operational goals.
- The board can attest to management's prudent approach to operational oversight of the credit union.
- The board and management understand and can demonstrate their knowledge of the credit union's capital and liquidity position and the implication on capital and liquidity of strategic objectives. (*Guidelines in Support of Good Governance: 3.4*)
- The board has established performance objectives and measures for the executive and the credit union as a whole.

## Principle 4 – Assembling an Effective Team

Composition of the board and CEO/General Manager with regard to skills, experience, education and knowledge required for respective roles is a central imperative of the board.

The board must ensure the executive or leadership team is sufficiently qualified to carry out the day to day operations of the credit union and pursuit of the strategic objectives.

The board must have the right mix of skills and experience so the board has the collective capacity to effectively oversee the credit union. To achieve this, a diversity of background and expertise is required.

Board independence is essential to good governance. Independence requires the board to act free of conflicts of interest and without undue reliance on management or influence from other roles or responsibilities.

Board selection includes identifying and assessing candidates in a rigorous and objective manner to focus selection on skill, experience and knowledge gaps of the board, to further the collective strength of the board. Seeking qualities in candidates of leadership, integrity, value alignment and commitment to the credit union are essential to the independence and stability of the board.

The board must create an appropriate structure and practices to support delivery of the work of governance. Roles must be designed and assigned, aligning authority and responsibility. A committee structure generally allows a more efficient and focused approach to specific mandates.

The board is responsible for the hiring and oversight of the CEO or General Manager and should give consideration to the selection of the executive or senior management team responsible for execution of the strategy within the confines of the credit union values and risk culture.

There may be situations where the board should be directly involved in the selection, termination or executive organization of positions beyond the CEO or General Manager such as the chief financial officer or the chief risk officer.

The board is directly responsible for setting CEO compensation and assessing performance. The board should also approve the compensation philosophy for the organization as a whole.

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#### Associated Original Standards

**Standard #2:** *Exercise Independent Judgement – It is sound business and financial practice for the Board of Directors to exercise independent judgement in directing and overseeing the operations of the credit union.*

**Standard #4:** *Select the CEO – It is sound business and financial practice for the Board of Directors to:*

- (a) *appoint a CEO who is suitably qualified and capable of managing the operations of the credit union;*
- (b) *plan for the succession of the CEO’*

**Standard #5:** *Review Compensation – It is sound business and financial practice for the Board of Directors to satisfy itself on a regular basis that compensation plans are competitive and assist and assist in providing proper incentives to management and staff to act in the best interests of the credit union to achieve its corporate objectives.*

**Standard #6:** *Establish Standards of Business Conduct and Ethical Behavior – It is sound business and financial practice for the Board of Directors to:*

- (a) *Establish standards of business conduct and ethical behavior for the Directors, senior management and other personnel, ensure management has an effective process for ensuring adherence;*

(b) *Have a policy and process in place and communicated to all personnel, that provides for anonymous and confidential access to the Board to report matters of serious concerns related to the credit union's operations.*

**Standard #7:** *Evaluate the CEO – It is sound business and financial practice for the Board of Directors to evaluate, on a regular basis, the effectiveness of the CEO in managing the operations of the credit union in accordance with the strategic and business objectives and managing the risks to which the credit union is exposed.*

## Checklist

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- The board can demonstrate their independence from the CEO/General Manager in the oversight of the credit union.
- The board has established and documented position description, qualifications and selection criteria for the CEO/General Manager.
- The board has the competence and experience to select, direct and has an established process to assess the performance of the CEO/General Manager.
- There is a documented succession plan for the CEO and key senior management.
- The board has approved a compensation philosophy that supports achievement of the credit union's strategic objectives.
- The board has set the compensation for the CEO/General Manager and assured itself, senior management compensation is aligned with the credit union's compensation philosophy.
- The board sets "the tone from the top" through ensuring approved policies are in place to support the credit union's values and ethical conduct.
- Desired board competencies have been established.
- Board recruitment, selection and succession planning are based on ensuring the board composition is a comprehensive mix of skill, experience and knowledge necessary to steward the credit union.
- The board is comfortable and can demonstrate seeking independent, external expertise to compensate for skill or knowledge deficiencies on the board.
- The board and management fully understand and can demonstrate an established conduit for receiving confidential disclosures from within the credit union. (*Whistleblower - Stabilization Central Credit Union Confidential Workplace Disclosure*)



## Principle 5 – Accountability, Disclosure and In Control

Governance is the allocation of responsibilities and authority. The board collectively has ultimate responsibility for the credit union. A key component of those responsibilities is risk governance, setting the risk culture, defining the risk appetite and monitoring the credit union's risk capacity.

These responsibilities are met through clear, focused roles for the board, an accountable management team and control and audit functions to act as checks and balances in the process.

The credit union engages the broad membership annually through the annual general meeting and annual report. Disclosures for board and executive compensation, board roles and participation, and risk focused governance leads to enhanced engagement, transparency and increased accountability paramount to good governance.

It is the process that allows the board to report on the credit union's financial health, significant objectives and performance, the risk appetite and culture of the credit union and the governance structure. The board is able from an informed, independent, competent position determine and attest to the credit union being "in control".

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### Associated Original Standards

**Standard #13:** Oversee the Independent Internal Audit Function (described in Standard #25)

**Standard #14:** Ensure the Institution is "In Control". (described in Standard #25)

**Standard #25: Control Environment** – It is sound business and financial practice for a credit union to ensure that:

- (a) there is a control environment that supports effective management of operations and of the risks to which it is exposed;
- (b) the Board of Directors is provided with appropriate reports that enable it to assess whether the credit union has a controlled environment;
- (c) the internal audit function validates the processes, policies, procedures and controls including risk management processes are being monitored and adhered to.

## Checklist

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- The board oversees the internal audit process.
- The board is confident there is source data integrity and security.
- The board is confident and can demonstrate they receive complete, accurate and timely reporting from management on finances, operations and risks.
- The board has approved performance objectives for the executive and the credit union as a whole and can rely on provided reporting to assess performance.
- The board furnishes the membership with complete financial and operational information.
- The board provides appropriate disclosure of board and the CEO's remuneration.  
*(Guidelines in Support of Good Governance: 5.1)*
  
- The board is confident and can demonstrate the credit union is in compliance with all applicable legislation and regulatory requirements.
- The board has attested and documented the credit union is in control.  
*(Guidelines in Support of Good Governance: 2.4)*



## Principle 6 – Co-operation

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Credit unions are unique in their corporate, member based structure and cooperative values. Cooperative values translate into one member one vote ensuring a democratic platform for input and material decision.

This structure serves to increase stakeholders' engagement and reduce risk through enhanced accountability.

The International Co-operative Alliance's Seven Principles of Co-operation are listed below:

The co-operative principles are guidelines by which co-operatives put their values into practice.

### 1. Voluntary and Open Membership

Co-operatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

### 2. Democratic Member Control

Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organized in a democratic manner.

### 3. Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the

co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

#### 4. Autonomy and Independence

Co-operatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

#### 5. Education, Training and Information

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

#### 6. Co-operation among Co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

#### 7. Concern for Community

Co-operatives work for the sustainable development of their communities through policies approved by their members.

## Checklist

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- Members collectively elect the board of directors
- Members may individually stand for election
- The board is responsible for governing the credit union
- The board is accountable to the membership and reports to them annually
- Senior management is responsible for operating the credit union
- Senior management is accountable to the board of directors.

## References:

1. Financial Institutions Commission, Governance Guidelines – September 2013
2. Basel Committee on Banking Supervision – October 2014
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