

# COMPENSATION EMPLOYEES CREDIT UNION

## CREDIT UNION RULES

### DEFINITIONS.

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

- (a) “Act” means the *Credit Union Incorporation Act* (British Columbia) from time to time in force and all amendments thereto and regulations made pursuant thereto;
- (b) “Board Committee” means a committee of the Board of Directors appointed or elected by the Board of Directors;
- (c) “Board of Directors” means the board of directors of the Credit Union;
- (d) “Chair” means the chair of the Board of Directors;
- (e) “Credit Union” means Compensation Employees Credit Union;
- (f) “Director” means a director of the Credit Union for the time being and “Directors” means more than one Director;
- (g) “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;
- (h) “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; and
- (i) “Superintendent” means the Superintendent of Financial Institutions under the Financial Institutions Act.

The meaning of any words or phrases defined in the Act and the Financial Institutions Act, shall, if not inconsistent with the subject or context, have the same meaning in these Rules.

### 1. MEMBERSHIP.

- 1.1 Every application for membership shall be in writing and be accompanied by payment in full of the number of equity shares required to be held by a member on the date of application for membership.
- 1.2 A member may withdraw from membership, and membership of any person may be terminated, in accordance with the Act.

- 1.3 A member in good standing is a member, including a junior member, who at the date on which good standing is determined:
- (a) has purchased, paid for and holds the number of equity shares required by these Rules; and
  - (b) is not more than 90 days delinquent in any obligation to the Credit Union.

## **2. SHARES AND DEPOSITS.**

- 2.1 A statutory declaration of a Director or officer of the Credit Union that a lien of the Credit Union has been exercised or a share forfeited and stating the date of the exercise or forfeiture shall be conclusive evidence of the fact therein stated.
- 2.2 Interest on deposits, patronage allocations and dividends on shares, in the absence of an express contract or agreement, shall be paid or credited at times, intervals and in a manner determined by the Directors.
- 2.3 The capital of the Credit Union shall consist of an unlimited number of a distinct class of equity shares with a par value of One Dollar (\$1.00) each and such equity shares shall be the membership shares in the Credit Union.
- 2.4 Monies invested in equity shares and dividends thereon shall not be guaranteed by the fund administered by the Credit Union Deposit Insurance Corporation of British Columbia.
- 2.5 Subject to the Act, equity shares may only be subscribed for, purchased by, or transferred or assigned to the Credit Union or a member thereof, at par value, and in the case of redemption, par value plus any dividends declared but unpaid on them.
- 2.6 Equity shares are not transferable or assignable without the resolution of the Directors, obtained in advance, and no transfer or assignment of shares is effective until the record of shareholdings maintained by the Credit Union is completed indicating the transfer of assignment.
- 2.7 (1) Subject to the Act, and upon the written request of the member, the Credit Union will redeem the equity shares held by a member upon any of the following conditions:
- (a) the member, in the case of an individual, dies, subject to any contrary instruction of the personal representative of the deceased member to transfer the shares to a person entitled to hold them pursuant to the Act and these Rules;
  - (b) the member, in the case of an incorporated company, is wound up in accordance with the applicable legislation;

- (c) the member, in the case of a partnership or unincorporated association, dissolves;
    - (d) the member, in any other case, ceases to be a legal entity according to the legislation that created it; or
    - (e) the member's membership is terminated.
  - (2) Notwithstanding Rule 2.7(1)(a), where members hold equity shares jointly with a right of survivorship, the Credit Union shall not be required to redeem the equity shares until the death of the last remaining joint holder.
- 2.8 The Credit Union may require evidence as to the events described in Rule 2.7, before redeeming equity shares.
- 2.9 Notwithstanding the above, the Directors may limit the amount of equity shares redeemed in any one fiscal year of the Credit Union to ten percent of the total amount of equity shares issued and outstanding at the end of the previous fiscal year, but this aggregate amount may, in the Directors' discretion, be either inclusive or exclusive of redemption as a result of the death or termination of the member within the limit specified.
- 2.10 (1) Equity shares may be held jointly, but nothing in this Rule diminishes the number of shares for which each member must subscribe.
- (2) All jointly held equity shares shall carry the right of survivorship unless a contrary statement, in writing, is given at the time of subscription and signed by all parties jointly holding the shares.
- 2.11 As a condition of membership, each member of the Credit Union shall subscribe for, purchase and fully pay for 25 equity shares.
- 2.12 A member may subscribe for, purchase and pay for a maximum of 1,000 equity shares in the Credit Union.
- 2.13 The Directors may from time-to-time resolve that the minimum required number of equity shares required to be owned by a member shall be increased; however,
- (a) on any one occasion, such determination shall not increase the number of equity shares to be held by more than 50;
  - (b) a determination by the Directors pursuant to this Rule may be made no more frequently than once per fiscal year of the Credit Union;
  - (c) a subsequent determination by the Directors shall not be made to have effect within six months of the last such determination; and
  - (d) a determination by the Directors pursuant to this Rule shall not be effective until the expiration of not less than 90 days notice of the determination being given to the members of the Credit Union.

- 2.14 If, on the expiration of the period of notice required in these Rules, the member has not paid for the required number of equity shares, the Credit Union may apply any money on deposit and interest thereon in the name of the member to the purchase of sufficient equity shares in the name of the member so that the member shall own the number of equity shares required by Rule 2.13.
- 2.15 If there are insufficient funds to put into effect Rule 2.14, the member shall immediately cease to be a member in accordance with the Act.
- 2.16 Subject to the Act, the Directors may establish policies to waive or delay purchase, payment, redemption and ownership, in whole or in part of equity shares as required by these Rules.
- 2.17 (1) The Directors may issue share certificates which shall state on their face the words "NOT GUARANTEED BY THE CREDIT UNION DEPOSIT INSURANCE CORPORATION".
- (2) Notwithstanding Rule 2.17(1), the shares shall be recorded to the member's name and a statement of shareholdings shall be provided to each member regarding the member's shares, at least once in each fiscal year of the Credit Union, and in any event shall be provided within 13 months of the last statement.

### **3. BORROWING AND LENDING.**

- 3.1. Subject to the Act, the Directors of the Credit Union may raise and borrow money for the purposes of the Credit Union upon such terms and conditions as to interest, term, repayment, and security as they determine by resolution.
- 3.2. Subject to the Act, if the Directors, pursuant to Rule 3.1 above, issue debt securities related to equity shareholdings, regardless of the terms of the contract, the Directors may redeem the obligation of the Credit Union to the member, if the member fails to maintain the member's required equity shareholdings in the Credit Union.
- 3.3. Subject to the Act, the Directors shall determine the terms and conditions of loans as to the interest and other charges, terms of repayment and security, and may, by resolution, delegate the power to make loans and to make the determinations aforesaid.

### **4. DIRECTORS AND MANAGEMENT.**

- 4.1 The number of Directors of the Credit Union shall be seven.
- 4.2 Except as to the first election of Directors or where an election is held to fill the unexpired portion of a term, Directors shall be elected to hold office for three years.

- 4.3 Where any offices of Directors being filled at any election are for different lengths of terms, the term of each person shall be determined in proportion to the number of votes received, the person receiving the greatest number of votes to hold office for the longest term, provided that if there are two or more persons having an equal number of votes:
- (a) the Chair shall have a second or casting vote; and
  - (b) if there is an election by acclamation the Chair of the annual general meeting shall either determine the respective terms of the persons so elected or direct that the terms be determined by lot.
- 4.4 Each year Directors shall be elected to replace those retiring and a retiring director is eligible for re-election.
- 4.5 Only a member in good standing who is not a junior member is eligible to cast a ballot in an election of a Director or Directors.
- 4.6 Elections shall not be by mail ballot, but shall be conducted at a general meeting of the Credit Union.
- 4.7 A notice of election or appointment of a person elected or appointed as a Director shall be filed with the Superintendent within 14 days after the election or appointment occurs.
- 4.8 The Directors shall meet within 30 days or as soon as practicable after each annual general meeting and shall elect from their own number a Chair and a vice-chair and may appoint such additional officers as they may deem necessary.
- 4.9 The Board of Directors shall meet as needed and not less frequently than once in each quarter.
- 4.10 The Chair may call a meeting of the Board of Directors at any time and shall within 14 days of receipt of written request of three Directors call a meeting of the Board of Directors.
- 4.11 One day's notice shall be given of meetings of the Directors by personal delivery, mail, email or telephone but notice of any past or present meeting may be waived by a Director in writing.
- 4.12 A majority of the Directors shall constitute a quorum but a lesser number may adjourn from time to time until a quorum is obtained.
- 4.13 The Board of Directors shall appoint a President, Secretary and General Manager and exercise oversight of the General Manager's selection and compensation of other key management employees, particularly those with direct reporting relationships to the Board of Directors.

- 4.14 In the case of absence of the Chair or the Chair's inability for any cause to act or in case the office of the Chair becomes vacant the vice-chair shall discharge the duties of the Chair.
- 4.15 If the number of Directors of the Credit Union is reduced below the number prescribed under Rule 4.1 by death, resignation, disqualification or removal from office or by failure to elect or appoint a Director pursuant to these Rules, the remaining Directors, save as provided by any other provision in these Rules, shall have all of the power of the Directors until the vacancy or vacancies caused thereby have been filled by appointment or election.
- 4.16 Where a casual vacancy occurs among the Board of Directors or, for any reason, the office of Director is not filled in an election, the remaining Directors may appoint a qualified person to fill the vacancy. Any person so appointed shall hold office until the close of the next annual general meeting.
- 4.17 Directors or Board Committee members may participate in a meeting of the Board of Directors or any Board Committee by means of telephone or other communications medium if all Directors or Board Committee members participating in the meeting are able to participate in it, whether by telephone, other communications medium or in person, provided that in the case of an in person meeting or a partially electronic meeting of the Board of Directors, 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 participating in accordance with this Rule shall be deemed to be present at the meeting and shall be counted in a quorum and be entitled to speak and vote.
- 4.18 Subject to the limitations contained in the Financial Institutions Act, the Credit Union shall indemnify:
- (a) each director and officer of the Credit Union;
  - (b) each former director and officer of the Credit Union; and
  - (c) each 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 an amount paid to settle any action or satisfy any judgement, reasonably incurred by the director or officer 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 corporation, if:

- (d) the director or officer of the Credit Union or corporation acted honestly and in good faith with a view to the best interests of the Credit Union 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.

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 and all income taxes payable as a result of the receipt of the indemnity payment

## **5. GENERAL MEETINGS.**

- 5.1 The annual general meeting of the Credit Union shall be held on a date to be fixed by the Board of Directors and shall be convened and held in accordance with the provisions of the Act.
- 5.2 Other general meetings may be convened and held in accordance with the provisions of the Act.
- 5.3 Subject to the Act, a general meeting may adopt rules of order for its conduct, but if no rules are adopted Robert's Rules of Order (Revised) shall be used.
- 5.4 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 Directors, if convened and held in accordance with the provisions of the 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.
- 5.5 At a general meeting of the Credit Union ten percent of the members or 15 members, whichever is the lesser, shall constitute a quorum, but a lesser number may adjourn from time to time until a quorum is obtained.
- 5.6 So far as practical the order of business at an annual general meeting shall be:
  - A. Approval of Minutes.
  - B. Business arising out of Minutes.
  - C. Report of Directors.
  - D. Report of General Manager.
  - E. Report of Auditor.
  - F. Approval of Financial Statements.
  - G. Report of other Committees.
  - H. Elections.
  - I. Appointment of Auditor.
  - J. Unfinished Business.
  - K. New Business.
  - L. Good and Welfare.
  - M. Adjourn.

- 5.7 The Chair will chair general meetings of the Credit Union. If the Chair is absent or is unable for any reason to act, the vice-chair or such other Director as may be designated by the Board of Directors will discharge the duties of the Chair.
- 5.8 Subject to the Act and these Rules, voting at a general meeting of the Credit Union will be by show of hands, unless the Chair determines to permit voting by a written vote or by electronic means and such means are made available.
- 5.9 (1) Only a member in good standing who is not a junior member may vote at a general meeting.
- (2) 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.
- (3) 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.

## **6. SPECIAL RESOLUTIONS**

- 6.1 Voting on a special resolution will occur in the manner determined by the Directors in their sole discretion, which may include voting in person at a general meeting, voting by mail ballot, voting by ballot at a branch office, voting by electronic means, or any combination thereof.
- 6.2 Only a member in good standing who is not a junior member is eligible to vote on a special resolution.

## **7. SEAL.**

- 7.1 The Credit Union shall have a corporate seal.
- 7.2 The Directors shall provide for the safe custody of the common seal at the registered office of the Credit Union or such other place as the Directors shall determine it shall be kept for safekeeping.

## **8. ALTERATION.**



8.1 Subject to the Act, the Credit Union may alter these Rules by special resolution from time to time.

## **9. FINANCIAL YEAR END**

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

## **10. ELECTRONIC COMMUNICATIONS**

10.1 Subject to the Act, the Financial Institutions Act and the Electronic Transactions Act, unless these Rules expressly provide otherwise:

- (a) where these Rules require the use of documents that are “written”, “in writing” and other similar words, the Directors may in their discretion permit the use of documents in such electronic forms as the Directors consider desirable in the circumstances, provided that such electronic documents are accessible in a manner useable for subsequent reference;
- (b) where these Rules, the Act or the Financial Institutions Act require the provision or delivery of documents, the Directors may in their discretion permit the provision or delivery of such documents in such electronic form and by such electronic means (including, without limitation, making such electronic documents accessible to the intended recipient by an electronic means notified to the intended recipient or by attachment to or inclusion in the member’s monthly statement) as the Directors consider 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 10.1, “document” includes, without limitation, notices, instruments, financial statements, resolutions and ballots.