Proposed Osoyoos Credit Union

Rules

♦ 2018

Rules of Osoyoos Credit Union

Definitions

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

a) "Board Committee" means a committee of individuals appointed or elected by the directors;

b) "chair" means the chair of the directors;

c) "credit union" means Osoyoos Credit Union;

d) *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;

e) "director" means a director of the credit union for the time being;

f) "directors", unless the context otherwise requires, means the board of directors of the credit union;

g) "Election Guidelines" means the method and manner in which candidates are permitted to campaign for election as a director, as may be established by the Nominating Committee from time to time;

h) "*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;

i) "*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;

j) "immediate family" of a person includes: (i) his or her spouse, parent and child; and (ii) any relative of the person, or his or her spouse, who resides with the person; and

k) "vice-chair" means the vice-chair of the directors.

The meaning of any words or phrases defined in the *Credit Union Incorporation Act*, the *Financial Institutions Act* or the *Electronic Transactions Act* shall, if not inconsistent with the subject or context, have the same meaning in these Rules.

Rule 1 – Membership

1.1 **Application for Membership** – Every application for membership shall be in writing and shall be accompanied by payment in full of the number of Class "A" Membership Equity Shares required to be held by a member on the date of application for membership.

1.2 **Withdrawal or Termination of Membership** – A member may withdraw from membership, and the membership of any person may be terminated, in accordance with the *Credit Union Incorporation Act*.

1.3 **Member in Good Standing** – A member in good standing is a member, including a junior member, who at the date on which good standing is determined:

a) has purchased, paid for and holds the number of Class "A" Membership Equity Shares required by these Rules; and

b) is not more than 90 days delinquent in any obligation to the credit union.

1.4 **Policies for Purchase, Payment, Redemption, and Ownership of Shares** – Subject to the provisions of the *Credit Union Incorporation Act* that specify the minimum number of membership shares for which a member must subscribe and pay, the directors may establish policies to waive or delay purchase, payment, redemption, and ownership in whole or in part of equity shares as required by these Rules.

Rule 2 – Shares and Deposits

2.1 **Withdrawal and Redemption Forms** – The directors may determine the forms by which a person may withdraw monies on deposit or request redemption of shares, and the directors may delegate the power to make such determinations.

2.2 **Interest on Deposits** – Interest on deposits, in the absence of an express contract or agreement, shall be paid or credited at times, intervals, and in a manner determined by the directors and the directors may delegate the power to make such determinations.

2.3 **Classes of Shares** – The shares of the credit union shall be divided into the following classes of shares, each consisting of an unlimited number of shares: Class "A" Membership Equity Shares; Class "B" Investment Equity Shares and Class "D" Non-Equity Shares.

2.4 **Par Value** – All shares shall have a par value of $1.00 each.

2.5 **Resolution of Directors to Redeem or Purchase Shares** – Subject to the *Credit Union Incorporation Act* and these Rules, the credit union may, by resolution of the directors, redeem or purchase any of its shares.

2.6 **Manner of Redemption or Purchase** – If the credit union proposes, at its option, to redeem some but not all of the shares of any class, the directors may, subject to the special rights and restrictions attached to such class of shares, decide the manner in which the shares to be redeemed shall be selected.

2.7 **No Guarantee** – Monies invested in equity shares and dividends thereon shall not be guaranteed by the fund administered by the Credit Union Deposit Insurance Corporation of British Columbia.

2.8 **Class "A" Shares** – Class "A" Membership Equity Shares 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 the Class "A" Membership Equity Shares held by a member if:

i) the member is a natural person and dies, subject to Rule 2.17 and subject to any contrary instruction of the personal representative of the deceased member to transfer the shares to a person entitled to hold the same pursuant to the *Credit Union Incorporation Act* and these Rules;

ii) the member is an incorporated company and is dissolved or wound up;

iii) the credit union terminates the membership of the member;

iv) the member withdraws from membership in the credit union;

v) the member is a partnership which dissolves; or

vi) the member, in any other case, ceases to be a legal entity according to the statute by or pursuant to which it was created.

c) Subject to the *Credit Union Incorporation Act*, the credit union may redeem the Class "A" Membership Equity Shares held by a member on such terms and conditions and at such times as the directors, in their discretion, resolve.

d) Notwithstanding the foregoing 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 such shares issued and outstanding on the last day of the immediately preceding financial year.

e) Any redemption or purchase of Class "A" Membership Equity Shares shall be at par value plus any dividends declared but unpaid thereon.

2.9 **Class "B" Shares** – Class "B" Investment Equity Shares have attached thereto the following rights and restrictions which may be modified or changed at the discretion of the Board.

a) Class "B" Investment Equity Shares may only be issued to a member of the credit union.

b) Subject to the *Credit Union Incorporation Act*, the credit union may, but shall not be required to redeem the Class "B" Investment Equity Shares held by a member if all indebtedness of the member to the credit union has been fully paid and discharged and:

i) the member is an individual and dies, subject to Rule 2.17;

ii) the member is an incorporated company and is dissolved or wound up;

iii) the member is a partnership which dissolves;

iv) the member, in any other case ceases to be a legal entity according to the statute by or pursuant to which it was created; or

v) the member requests, in writing, that the Class "B" Investment Equity Shares be redeemed.

c) The credit union may redeem any Class "B" Investment Equity Shares held by a member on such terms and conditions and at such times as the directors, in their discretion, resolve.

d) Any redemption or purchase of Class "B" Investment Equity Shares shall be at par value plus any dividends declared but unpaid thereon.

2.10 **Evidence Required for Redemption** – The credit union may require evidence as to the events described in Rule 2.8 or Rule 2.9 before redeeming equity shares.

2.11 **Membership Share Requirements** – As a condition of admission as a member of the credit union, a person is required to subscribe and pay for the following number of Class "A" Membership Equity Shares:

a) each member who is not a junior member – twenty-five (25) shares;

b) each member who is a junior member – five (5) shares.

2.12 **Increase in Membership Share Requirements** – The directors may, by resolution, determine that the number of Class "A" Membership Equity Shares required to be owned by a member shall be increased, PROVIDED THAT:

a) the directors may not determine that the total number of Class "A" Membership Equity Shares required to be owned by a member shall exceed one thousand (1,000) Class "A" Membership Equity Shares;

b) on any one occasion, the directors may not determine to increase the number of Class "A" Membership Equity Shares required to be owned by more than one hundred (100) Class "A" Membership Equity Shares;

c) a determination by the directors pursuant to this Rule may be made no more frequently than once per financial year;

d) a subsequent determination by the directors shall not be made to have effect within six months of the last such determination; and

e) subject to Rule 2.16, a determination by the directors pursuant to this Rule shall not be effective until the expiration of not less than 90 days after notice of a determination is deemed to have been received by the members.

2.13 **Credit Union May Transfer Deposits or Shares to Purchase Membership Shares** – If, on the expiration of not less than 30 days after the deemed receipt of the notice described in Rule 2.12, a member does not hold the required number of Class "A" Membership Equity Shares, the credit union may apply any money on deposit and interest thereon or invested in Class “B” Investment Equity Shares or Class "D" Non-Equity Shares and dividends credited thereon in the name of the member to the purchase of sufficient Class "A" Membership Equity Shares in the name of the member so that the member shall hold the number of Class "A" Membership Equity Shares required by Rule 2.12.

2.14 **Termination of Membership for Insufficient Share Holdings** – If, on the expiration of the period of notice described in Rule 2.12, a member does not hold the required number of Class "A" Membership Equity Shares and the member has

insufficient monies on deposit or invested in Class “B” Investment Equity Shares or Class "D" Non-Equity Shares to permit the purchase of sufficient Class "A" Membership Equity Shares pursuant to Rule 2.13, the directors may terminate that member's membership unless that membership shall terminate in accordance with the *Credit Union Incorporation Act*.

2.15 **Junior Members** –

a) A junior member becomes a member with full membership rights and obligations on attaining the age of majority, provided that such member then holds the number of Class "A" Membership Equity Shares required to be held by a member of the age of majority.

b) If, on the 30th day preceding the day on which a junior member attains the full age of majority, that member does not own the number of shares referred to in Rule 2.15(a), then Rules 2.13 and 2.14 shall apply, except that no notice shall be required.

2.16 **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 2.12 shall, as a condition of membership, subscribe and fully pay for the number of Class "A" Membership Equity Shares required to be held by a member in accordance with such notice.

2.17 **Joint Ownership** –

a) Equity shares may be held jointly, but nothing in this Rule diminishes the number of Class “A” Membership Equity Shares that a member must hold.

b) All jointly held equity shares shall carry the right of survivorship unless a contrary statement, in writing, is given at the time of subscription and signed by all parties jointly holding the shares.

c) The credit union shall not be required to redeem any equity share that is jointly held, until the death of the last joint holder.

2.18 **Share Certificates** – Where required by applicable legislation, the credit union shall issue share certificates for equity shares, each of which shall state on its face the words **"Not Guaranteed By The Credit Union Deposit Insurance Corporation"**.

2.19 **Form of Share Certificate** – Every share certificate issued by the credit union shall be in such form as the directors approve and shall comply with the *Credit Union Incorporation Act*.

2.20 **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, on proof of the loss or destruction to the satisfaction of the directors, and on giving such indemnity as the directors deem adequate, a new certificate in place of the lost or destroyed certificate shall be issued to the party entitled to it.

2.21 **Delivery of Certificate** – A share certificate registered in the names of two or more persons shall be delivered to the person first named on the register of members.

2.22 **Transfer Subject to Resolution of Directors** – No equity shares shall be transferred without the previous consent of the directors expressed by a resolution of the directors, and the directors shall not be required to give any reason for refusing to consent to any such proposed transfer.

2.23 **Effective Date of Transfer** – No transfer or assignment of equity shares is effective until the register of members of the credit union is completed, indicating the transfer or assignment.

2.24 **Instrument of Transfer Required** – No transfer of equity shares shall be registered unless a proper instrument of transfer has been delivered to the credit union, but an instrument of transfer is not required for the credit union to register a transmission of shares in compliance with the *Credit Union Incorporation Act*.

2.25 **Transfer Registration** – Subject to the *Credit Union Incorporation Act*, its constitution, and these Rules, the credit union shall, on application of the transferor or transferee of an equity share, enter the name of the transferee on its register of members.

2.26 **Form of Instrument of Transfer** – The instrument of transfer of any equity share shall be in writing in the form, if any, on the back of the credit union's share certificates or any other form that the directors may approve.

2.27 **One Class per Transfer Instrument** – If the directors so require, each instrument of transfer shall be in respect of only one class of shares.

2.28 **Presentation of Instrument of Transfer and Share Certificate** – Every instrument of transfer shall be executed by the transferor and left at the registered office of the credit union for registration, together with the share certificate, if any, for the shares to be transferred and such other evidence, if any, as the directors may require to prove the title of the transferor or his or her right to

transfer the shares. All instruments of transfer which are registered shall be retained by the credit union but any instrument of transfer that the directors decline to register shall be returned to the person depositing the same, together with the share certificate which accompanied the same when tendered for registration.

2.29 **Authorization to Transfer** – The signature of the registered owner of any equity shares or of his or her duly authorized attorney on the form of transfer constitutes an authority to the credit union to register the shares specified in the form of transfer in the name of the person named in that form as transferee.

2.30 **Credit Union Not Required to Inquire into Title** – Neither the credit union nor any director, officer or agent is bound to inquire into the title of the transferee of those equity shares to be transferred or is liable to the registered or any intermediate owner of those shares, for registering the transfer.

2.31 **Transfer on Death or Bankruptcy** – Subject to these Rules and the *Credit Union Incorporation Act*, a person who becomes entitled to an equity share as a result of the death or bankruptcy of any member or auxiliary member, on producing the evidence required by the *Credit Union Incorporation Act*, or who becomes entitled to a share as a result of an order of a court of competent jurisdiction or a statute, on producing such evidence as the directors think sufficient that he or she is so entitled, may be registered as holder of the share or may transfer the share to a person entitled by these Rules and the *Credit Union Incorporation Act* to hold such share.

2.32 **Maximum Share Ownership** –

a) A member may subscribe for a maximum of one thousand (1,000) Class "A" Membership Equity Shares.

b) A person may subscribe for a maximum of three thousand (3,000) Class "B" Investment Equity Shares.

2.33 **Dividends** –

a) Subject to the *Credit Union Incorporation Act*, dividends, patronage refunds, or bonuses declared, if any, at the discretion of the directors may be paid as an allocation of any class of equity shares.

b) Dividends declared, if any, may, at the discretion of the directors, be at a different rate for different classes of shares.

c) Subject to the provisions of the *Financial Institutions Act* and the *Credit Union Incorporation Act*, the credit union, or the directors on behalf of the credit union, may pay a commission or allow a discount to any person in consideration of that person subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in the credit union, or procuring or agreeing to procure subscriptions, whether absolutely or conditionally, for any such shares, provided that the rate of the commission and discount shall not in the aggregate exceed the amount permitted by the *Credit Union Incorporation Act*.

2.34 **Participation Programs** – Subject to the *Credit Union Incorporation Act* and the *Financial Institutions Act*, the directors may develop and offer such participation programs as they deem in the best interest of the credit union.

2.35 **Redemption of Class "D" Shares** – Subject to the rights of the credit union, Class "D" Non-Equity Shares shall be redeemed by the credit union upon the written request of the member.

Rule 3 – Borrowing and Lending

3.1 **Directors May Borrow** – Subject to the *Credit Union Incorporation Act* and the *Financial Institutions Act*, the directors of the credit union may raise and borrow money for the purposes of the credit union upon such terms and conditions as to interest, terms of repayment, and security as they determine by resolution.

3.2 **Directors Shall Determine Terms of Loans** – Subject to the *Credit Union Incorporation Act* and the *Financial Institutions Act*, the directors shall determine the terms and conditions of loans as to interest and other charges, terms of repayment and security, and the directors may, by resolution, delegate the power to make loans and to make the determination aforesaid.

Rule 4 – Composition of Board of Directors

4.1 **Number of Directors** – The number of directors will be set by the directors from time to time, but the number will be no fewer than seven and no more than nine, provided that if the members have been notified that an election is to take place, the directors may not change the number of directors until the results of that election have been determined and the newly elected directors have taken office.

4.2 **Capacity of Board if a Vacancy** – If the number of directors in office is less than the required number set by the directors under Rule 4.1 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 power of the directors until the vacancy or vacancies have been filled by appointment or election.

4.3 **Appointment to Fill Vacancy** – Where a casual vacancy occurs among the directors or, for any reason, the office of director is not filled in an election, the remaining directors may appoint a qualified person to fill the vacancy. Any person so appointed shall hold office until the close of the next annual general meeting.

4.4 **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.

4.5 **Additional Directors for Merger** – If the credit union acquires all or substantially all of the assets of another credit union (the "transferring credit union"), the directors may at the time of acquiring the assets of the transferring credit union or within a reasonable period after such time, by resolution, appoint as additional directors one or more persons who were directors of the transferring credit union at the date of the asset transfer and designate their terms of office, and such appointed directors will be in addition to the number of directors set by the directors under Rule 4.1.

4.6 **Vacancies After Merger** – Where the term of office of a director appointed pursuant to Rule 4.5 has expired or where the position becomes vacant prior to the expiration of the term of office, no vacancy will be deemed to exist.

Rule 5 – Election, Appointment and Removal of Directors

5.1 **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.

5.2 **Length of Term** – Except where a person is appointed under Rule 4.3 to fill the unexpired portion of a term and subject to the provisions of Rules 4.5 and 5.5, each person elected as a director will hold office for a term expiring at the close of the third annual general meeting after he or she is elected.

5.3 **Eligibility to Act as 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 January 1 of the year in which the election will be held or at least one year prior to the appointment being made:

a) have been a member in good standing of the credit union; or

b) have been a member of another credit union of which all or substantially all of the assets have been purchased by the credit union.

5.4 **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 two-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 member of the immediate family of any person referred to in Rules 5.4(b) or (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 directors 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 5.4(e);

g) is or has been removed at any time within the previous five years from the position of director by the directors in accordance with Rule 5.5; or

h) is not ordinarily resident in a geographic area in which the credit union maintains a branch or head office.

5.5 **Removal of Directors** – A person may be removed as a director by a directors 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 chair (or, in the case of the chair, the vice-chair), to attend:

i) three consecutive regular meetings of the directors;

ii) three consecutive regular meetings of any Board Committee to which the director has been appointed or elected; or

iii) more than a total of three meetings of the directors and any Board Committee to which the director has been appointed or elected in any financial year;

b) by reason of illness or mental or physical disability or incapacity, is unable to perform his or her duties as a director for any period greater than six consecutive months;

c) ceases to be a member in good standing;

d) 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;

e) has breached these Rules or the Election Guidelines when the director was a candidate for election as a director;

f) has breached the conflict of interest policy, the code of conduct & ethics or the code of performance standards for directors, adopted by the directors from time to time; or

g) has breached the confidentiality of any proceedings, deliberations or information of the directors.

At least seven days prior to the meeting at which the removal of a director is to be considered, the secretary of the credit union will provide such director with notice of the meeting and the grounds for considering the director's removal. The director may appear and make submissions at the meeting prior to the directors voting on the resolution for the director's removal.

Rule 6 - Nominations

6.1 **Nominating Committee** – At least 120 days before an annual general meeting, the directors will appoint a Nominating Committee of not less than three individuals who are members of the credit union, but not junior members. Appointees to the Nominating Committee may, but need not be, directors, provided that no director standing for office in the election may serve on the Nominating Committee. The Nominating Committee will be charged with the conduct of the election of directors and will be responsible for:

a) determining desired experience, skill and attributes of candidates for election as a director, taking into account the background of existing directors and the specific ongoing needs of the credit union;

b) identifying, recruiting and, if considered appropriate by the Nominating Committee, recommending to members, candidates for election as directors who meet the criteria established in Rule 6.1(a);

c) preparing for delivery to the members, the notice of election required by Rule 7.5; and

d) conducting the nomination and election of directors in accordance with these Rules.

6.2 **Nominations** – At least 90 days before an annual general meeting, the Nominating 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;

b) advise all members that, for the purposes of being eligible to vote in the election, a person must be a member in good standing, other than a junior member, on the day which is 90 days prior to the commencement of voting; 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.

6.3 **Number of Nominations Per Member** – No member, unless they are a member of the Nominating Committee, may nominate more than one candidate in respect of an election of a director or directors.

6.4 **Candidate Declaration** – Every candidate for election or appointment as a director will file with the Nominating Committee, in the case of election, or with the directors, in the case of appointment, in forms prescribed by the directors a written declaration stating that he or she:

a) is not disqualified under Rules 5.3 or 5.4 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 the *Credit Union Incorporation Act* and the *Financial Institutions Act*, as applicable;

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 directors from time to time; and

e) in the case of an election, will comply with these Rules and the Election Guidelines.

6.5 **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 Nominating Committee, at the time and place specified by the Nominating Committee, unless the requirement to attend such interview has been waived by the Nominating Committee.

6.6 **Acceptance of Nominations** – The Nominating Committee will examine each nomination received and determine whether the nomination complies with the *Credit Union Incorporation Act*, the *Financial Institutions Act* and these Rules, 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) receive and place into nomination the names of qualified candidates nominated in writing by at least two 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 the Rules of the credit union 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*.

6.7 **Conflicts of Interest** – At the time of nomination, every nominee will make a statement of all known conflicts of interest between the nominee and the credit union in a form as prescribed by the Nominating Committee.

6.8 **Election Guidelines** – The Nominating Committee may, from time to time, determine the Election Guidelines.

6.9 **Candidate Information Sessions** – A candidate or that candidate's delegate 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 Nominating Committee. If a candidate or that candidate's delegate fails, without being excused for reasonable circumstances by the Nominating 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.

6.10 **Disqualification** – If, in the opinion of the Nominating Committee, a candidate or person representing the candidate, campaigns in any method or manner in contravention of the Election Guidelines, the Nominating Committee will contact the candidate to request that the candidate comply with the Election Guidelines. If the candidate fails to comply immediately with the request made by the Nominating Committee, the matter will be referred to the directors to consider disqualification of the candidate. At least three days prior to the meeting at which the disqualification of a candidate is to be considered, the secretary will provide such candidate with notice of the meeting and the grounds for considering the candidate's disqualification. The candidate may appear and make submissions at the meeting prior to the directors making a decision. If the directors determine that the candidate has violated the Election Guidelines in conducting his or her campaign, the candidate will be disqualified from the election then in progress and be deemed ineligible to serve as a director for such election. Within 24 hours of the disqualification of such candidate by the directors, the directors will give written notice of such disqualification to the candidate and the notice will specify the reason or reasons for 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. The decision of the directors will be final, conclusive and binding on the candidate.

6.11 **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 or appointed. The directors will 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 Nominating Committee.

6.12 **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 7 will apply.

Rule 7 – Election Process

7.1 **Method of Voting** – Elections of directors will occur by voting by mail ballot and voting by ballot at a branch office, whichever method the member chooses, and may occur by electronic means if the directors determine to permit voting by electronic means and such means are made available.

7.2 **Eligibility to Vote** – 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.

7.3 **Returning Officer** – The directors may appoint a returning officer for an election. The returning officer may, but not need be, a member of the credit union, but he or she will not be a director. Where a returning officer is appointed, he or she will be appointed at least 60 days prior to the date on which voting in an election is to commence.

7.4 **Resources For Elections** – The Nominating Committee and the returning officer, if any, may engage such other resource persons as the directors and the Nominating Committee or returning officer may agree are required to conduct the election in a proper manner.

7.5 **Notice of Election to Members** – Where an election is to be held, the Nominating Committee will provide, at least 30 days before the annual general meeting, to all members of the credit union entitled to vote:

a) information about the number of positions to be filled;

b) a list of each of the candidates for election;

c) such information regarding the candidates as may be determined by the Nominating Committee in its sole discretion and instructions on how additional information regarding the candidates for election may be obtained;

d) if the Nominating Committee chooses to endorse a candidate or candidates, an indication of which candidate or candidates the Nominating Committee endorses;

e) clear and precise instructions for voting;

f) notice of the dates and times during which voting in the election will take place;

g) a list of conditions under which members will be eligible to vote in the election;

h) a ballot by electronic or non-electronic means, listing the names of the candidates in an order chosen by lot by the Nominating Committee or, if by electronic means, by randomly changing order (whichever method the Nominating Committee determines);

i) where ballots are provided by electronic means, advice of the right of each member to either:

i) request in writing, by telephone or in person at a branch of the credit union, not less than ten days prior to the close of voting, that a ballot be provided to the member by mail, which ballot may then be cast by mail or by deposit at a branch of the credit union; or

ii) request in person at a branch of the credit union, prior to the close of voting, that a ballot be made available to the member, which ballot may then be cast by mail or by deposit at a branch of the credit union.

7.6 **Non-Electronic Ballots** – If the Nominating Committee decides to provide ballots by non-electronic means with the notice of election or if a member requests a ballot under Rule 7.5(i), the Nominating 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 Nominating 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 will allow for verification of the voting member, and provide for confidentiality of voting;

c) clear instructions for casting the ballot and return of the ballot, whether by mail or deposit 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.

7.7 **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 deposited 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;

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.

7.8 **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.

7.9 **Validity of Ballots** – A ballot may contain votes for a number of persons that is less than the number of persons to be elected.

7.10 **Voting, Counting and Announcement of Results** – The returning officer or, if there is no returning officer, the Nominating 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 directors, 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 announce the results of the election 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.

7.11 **Varying Terms** – Subject to Rule 7.12, 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.

7.12 **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 Nominating Committee.

7.13 **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 his or her 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, he or she shall be deemed to have taken office at the close of the annual general meeting.

Rule 8 – Proceedings of the Board

8.1 **Frequency Of Meetings** – The directors will meet at least six times in each year and not less frequently than once in each quarter.

8.2 **Calling Meetings** – The chair may call a meeting of the directors at any time and will within 14 days of receipt of written request of three directors call a meeting of the directors.

8.3 **Notice Of Meetings** – At least one day's notice will be given of meetings of the directors by personal delivery, mail, e-mail, fax or telephone, but a director may waive, in writing, notice of any past or present meeting of the directors. It will not be necessary to give notice of a meeting of the directors to any director:

a) who is at the time not in British Columbia;

b) 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 director will not invalidate the proceedings of that meeting, except where a quorum as set out in Rule 8.4 is not met.

8.4 **Quorum** – A quorum of a meeting of the directors consists of the greater of three directors or a majority of the directors, but a lesser number may adjourn from time to time until a quorum is obtained.

8.5 **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 8.4.

8.6 **Board Officers and Statutory Committees** – At the first meeting of the directors following each annual general meeting, the directors will elect from among themselves a Chair and a Vice-Chair and appoint such additional officers from the directors as they consider necessary. At such meeting, the directors will also:

a) appoint or elect not fewer than three individuals to the Audit Committee;

b) appoint or elect not fewer than three individuals to the Investment & Loan Committee;

c) elect from among themselves not fewer than three individuals to the Conduct Review Committee;

provided that the composition of the Audit Committee, the Investment & Loan Committee and the Conduct Review Committee must be consistent with the requirements of the *Financial Institutions Act*.

8.7 **Appointment of Officers and Employees** – The directors will appoint the president, the chief executive officer and the secretary and may appoint or authorize the appointment of such additional employees as may be required for the proper operation of the credit union.

8.8 **Duties of Chair** – The chair will preside at each meeting of the directors and perform such other duties as may be required of the 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 directors from time to time.

8.9 **Duties of Vice-Chair** – 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 directors will discharge the duties of the chair. If, after the election of the chair under Rule 8.6, the office of the chair becomes vacant, the directors will meet within 30 days of such vacancy to elect the new chair and/or vice-chair.

8.10 **Rules of Order** – Subject to the *Credit Union Incorporation Act* and the *Financial Institutions Act,* the directors may adopt rules of order for their conduct, but if no rules are adopted, the current edition of "Robert's Rules of Order Newly Revised" will be used.

8.11 **Meetings by Telecommunications** – Unless otherwise determined by the chair or, in the case of a Board Committee, the chair of the Board Committee, a meeting of the directors or of a Board Committee may be held by telephone or other communications facilities that permit all participants in the meeting to hear each other provided that a majority of the directors or Board Committee members 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 counted as present at the meeting.

8.12 **Delegation of Powers** – Subject to the *Credit Union Incorporation Act* and the *Financial Institutions Act*, the directors may delegate any of their powers to:

a) committees consisting of not fewer than three individuals who are such persons as the directors may think fit; and

b) such officer or officers as the directors think fit;

and may from time to time revoke any such delegations.

8.13 **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 directors.

8.14 **Quorum for Board Committee** – A majority of the members of a Board Committee will constitute a quorum.

8.15 **Role of Chair on Board Committee as Ex Officio Member** – Where the chair serves as a member of a Board Committee solely on an *ex officio* basis, the 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 directors for such Board Committee.

8.16 **Consent Resolution** – A directors 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.

8.17 **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 directors.

8.18 **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 an 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 and all income taxes payable as a result of the receipt of the indemnity payment.

Rule 9 – General Meetings

9.1 **Date of Annual General Meeting** – The annual general meeting of the credit union shall be held on a date to be fixed by the directors and shall be convened and held in accordance with the provisions of the *Credit Union Incorporation Act*.

9.2 **Other General Meetings** – Other general meetings may be convened and held in accordance with the provisions of the *Credit Union Incorporation Act*.

9.3 **Rules of Order** – Subject to the *Credit Union Incorporation Act*, a general meeting may adopt rules of order for its conduct, but if no rules are adopted, the current edition of "Robert's Rules of Order Newly Revised" shall be used.

9.4 **Quorum** – At a general meeting of the credit union twenty-five (25) members shall constitute a quorum, but a lesser number may adjourn from time to time until a quorum is obtained.

9.5 **Order of Business** – So far as is practical, the order of business at an annual general meeting shall be as follows:

call to order,
ascertainment of quorum,
appointment of recording secretary and of parliamentarian,
adoption of agenda,
approval of minutes,
business arising out of minutes,
report of the directors,
report of management,
presentation of financial statements,
report of the auditor,

approval of auditor's report,
report of other committees,
elections,
appointment of auditor,
unfinished business,
new business,
good and welfare,
adjournment.

9.6 **Member Declaration** – Each person desiring to cast a vote on any issue or a ballot in person in an election shall, on request, present evidence of age, identity and membership, and a declaration that the member has not previously voted or cast a ballot on the issue or in the election then in progress.

9.7 **Who May Vote** –

a) Only a person who is a member in good standing as at December 31st of the preceding year and who is not a junior member may vote at a general meeting.

b) A member of a credit union who is not an individual may be represented and vote at meetings of the credit union by an individual who:

i) is not a member; and

ii) by written authorization deposited with the credit union, is authorized to vote at the meeting on behalf of the member.

9.8 **Chair** – The chair, the vice-chair, or a director designated by the chair shall chair general meetings of the credit union.

9.9 **Manner of Voting** – Subject to the *Credit Union Incorporation Act*, the chair shall determine the manner by which voting shall be undertaken at a meeting of the credit union.

9.10 **No Proxy Voting** – Neither a member nor an auxiliary member shall vote by proxy.

Rule 10 – Seal

10.1 **Seal Optional** – The credit union may have a corporate seal.

10.2 **Custody** – If the credit union has a corporate seal, the directors shall provide for its safe custody at the registered office of the credit union or such other place as the directors determine it shall be kept for safekeeping.

Rule 11 – Alteration

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

Rule 12 – Financial Year End

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

Rule 13 – Special Resolutions

13.1 **Board Proposed** – Special resolutions may be proposed by the directors.

13.2 **Voting Eligibility** – To be eligible to vote on a special resolution a person must be a member in good standing, other than a junior member, as at December 31st of the preceding year.

13.3 **Method Of Voting** – Voting on a special resolution will occur by voting by mail ballot or voting by ballot at a branch office, whichever method the member chooses, and may occur by electronic means if the directors determine to permit voting by electronic means and such means are made available.

13.4 **Voting Information** – The directors shall give to each member eligible to vote:

a) the wording of the proposed special resolution, which may be accompanied by a summary description of the change or action proposed to be made by the special resolution;

b) a ballot containing the provision for a vote 'for' or 'against' the special resolution;

c) clear and precise instructions for casting an electronic or paper ballot and the return thereof, which shall specify the date by which the ballot must be returned to the address specified in the voting instructions;

d) if the election is to be conducted using a mail-in paper ballot:

i) a ballot envelope;

ii) a ballot authentication envelope which must provide spaces for the name, address, membership number and signature of the member; and

iii) an addressed envelope bearing the address to which the completed ballot papers are to be mailed or delivered; and

e) such other information as the directors deem necessary or advisable in connection with the voting.

13.5 **Supervision of Vote** – The returning officer (who may, but need not be, a member of the credit union) appointed by the directors shall be responsible for the supervision of the voting on special resolutions. A determination of the returning officer shall be conclusive and binding upon all concerned.

13.6 **Proof of Membership** – The returning officer may require a member to provide proof and particulars of membership and eligibility and may require a member to provide a declaration that the member has not previously cast a ballot during the special resolution vote then in progress.

13.7 **Tally** – The returning officer shall cause all ballots to be returned to the returning officer following the close of voting and shall cause a tally to be made of all ballots, such tally to be conducted in a manner which ensures the secrecy of the voting.

13.8 **Acceptability of Ballots** – Notwithstanding anything herein contained the final decision in determining whether a ballot is to be accepted or rejected shall be made by the returning officer when the votes are tallied and the decision of the returning officer is final and not open to question or review.

13.9 **Results** – As soon as practicable but in no event later than 10 days from the closing of balloting, the returning officer shall communicate the results of the vote to the chair.

13.10 **Announcement** – The directors 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.

13.11 **Filing with Superintendent** – The credit union will file with the Superintendent of Financial Institutions every special resolution passed by its members.

Rule 14 – Common Bond

14.1 **Common Bond** – The common bond of membership of the credit union is the geographic area of the Town of Osoyoos and within a 500 kilometre radius of the Town of Osoyoos.

Rule 15 – Notices

15.1 **Notice of General Meetings and Special Resolutions** – Subject to the *Credit Union Incorporation Act* and these Rules, the directors 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.

15.2 **Deemed Date of Delivery** – Without precluding any other method of giving notice, if a notice, statement or report is sent by post, service or delivery, it is deemed to be effected by properly addressing, prepaying and mailing the notice and the service or delivery is deemed to have been effected five days, Saturdays, Sundays and holidays excepted, following the date of mailing.

15.3 **Accidental Omission** – Where a call for nominations or notice of an election, meeting or resolution of the credit union is received generally by members of the credit union, the omission to give the call for nominations or notice to any member or the non-receipt thereof by any member will not invalidate the election, resolution passed or proceedings taken at the meeting.

15.4 **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.

15.5 **Junior Members** – The credit union need not give notice of an election, a general meeting or a special resolution to a junior member.

15.6 **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 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 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) 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 15.6, "document" includes, without limitation, notices, instruments, resolutions and ballots.