

PROPOSED AMENDMENTS
(Mark-up)



Rules

(Effective: January 1, 2020)

Effective: January 1, 2020
And as amended and restated on _____, 2023

INDEX

| <u>RULE</u> | <u>SUBJECT</u> | <u>PAGE#</u> |
|-------------|---|-----------------------------|
| | DEFINITIONS | 3 |
| | INTERPRETATION..... | 5 |
| RULE 1 | MEMBERSHIP | 6 |
| RULE 2 | VOTING | 6 |
| RULE 3 | SHARES | 9 |
| RULE 4 | DEPOSITS..... | 10 |
| RULE 5 | BORROWING AND LENDING | 10 |
| RULE 6 | BOARD OF DIRECTORS | 10 |
| RULE 7 | PROCEEDINGS OF THE BOARD OF DIRECTORS | 13 |
| RULE 8 | ELIGIBILITY TO BE A DIRECTOR | 16 ¹⁵ |
| RULE 9 | NOMINATION AND ELECTION OF DIRECTORS | 18 |
| RULE 10 | INDEMNIFICATION AND PROTECTION OF DIRECTORS, OFFICERS AND CERTAIN AGENTS | 24 |
| RULE 11 | GENERAL MEETINGS | 25 |
| RULE 12 | ALTERATION | 27 |
| RULE 13 | SPECIAL RESOLUTIONS | 27 |
| RULE 14 | AUDITOR..... | 30 |
| RULE 15 | FINANCIAL YEAR END | 30 |
| RULE 16 | SEAL | 30 |
| RULE 17 | MISCELLANEOUS..... | 30 |
| SCHEDULE A | SPECIAL RIGHTS AND RESTRICTIONS CLASS A MEMBERSHIP EQUITY SHARES | 32 |

DEFINITIONS

The meaning of any words or phrases defined in applicable Legislation, ~~the Credit Union Incorporation Act, the Financial Institutions Act, and, to the extent that it applies to the Credit Union, the Business Corporations Act~~, shall, if not inconsistent with the subject or context, have the same meaning in these Rules. Further, in these Rules, unless the subject or context is inconsistent therewith:

(a) **Acts or Legislation** means the Credit Union Incorporation Act, the Financial Institutions Act, and to the extent applicable, the Business Corporations Act (British Columbia), the Securities Act (British Columbia), the Electronic Transactions Act (British Columbia) and the Age of Majority Act (British Columbia) as amended from time to time as well as any successor legislation or any other legislation, and includes any regulations made thereunder or to which, from time to time, the Credit Union becomes subject;

~~(a)~~(b) **Annual General Meeting or AGM** means the annual general meeting of the members of the Credit Union;

~~(b)~~(c) **Board of Directors or Board** means the board of directors of the Credit Union;

~~(c)~~(d) **Board Committee** means a committee of the Board of Directors appointed by the Board of Directors pursuant to these Rules;

~~(d)~~ **Business Corporations Act** means the ~~Business Corporations Act of British Columbia from time to time in force and all amendments thereto and regulations made pursuant thereto;~~

(e) **Candidate** means an individual whose nomination to be a Director has been accepted by the Nominations Committee;

(f) **Chair** means the chair of the Board of Directors;

(g) **Chief Executive Officer** means the chief executive officer of the Credit Union appointed by the Board of Directors;

(h) **Credit Union** means Prospera Credit Union;

~~(i)~~ **Credit Union Incorporation Act** means the ~~Credit Union Incorporation Act of British Columbia from time to time in force and all amendments thereto and regulations made pursuant thereto;~~

~~(i)~~(i) **Director** means a director of the Credit Union for the time being;

~~(k)~~(j) **Election Guidelines** means the guidelines approved by the Board of Directors from time to time for Candidates in relation to a Directors election;

~~(k)~~(k) **Electronic** means created, recorded, transmitted or stored in digital or other intangible form by electronic, magnetic or optical means or by any other similar means, including without

limitation by transmission of data or information through computer networks (including without limitation the Internet), and any other similar means;

~~(m)~~ ~~**Electronic Transactions Act** means the *Electronic Transactions Act* of British Columbia from time to time in force and all amendments thereto and regulations made pursuant thereto;~~

~~(n)~~(l) **Employee** includes a person who is paid to provide ~~his or her~~ services, directly or indirectly, to the Credit Union or a subsidiary of the Credit Union, as the case may be, on a full-time or part-time basis as an employee. The Board of Directors may, in its discretion, determine additional criteria for determining whether a person is an “employee” for the purposes of these Rules;

~~(o)~~ ~~**Financial Institutions Act** means the *Financial Institutions Act* of British Columbia from time to time in force and all amendments thereto and regulations made pursuant thereto;~~

~~(p)~~(m) **Financial Literacy** or **Financially Literate** means the ability of a person to:

- (i) understand and interpret the Credit Union’s financial performance, and in particular, the relationship between the Credit Union’s strategic plan and its financial outcomes;
- (ii) understand the basic principles of business and finance to enable ~~him or her~~the person to make sound decisions on behalf of members of the Credit Union; and
- (iii) to the extent not covered above, fulfil the BC Financial Services Authority’s Financial Institutions Commission’s ~~expectations~~ expectations of directors with respect to financial literacy as such may evolve from time to time;

~~(q)~~(n) **First Directors** means the initial Directors of the Credit Union appointed on the amalgamation date of January 1, 2020;

~~(r)~~ ~~**Governance Policy** means the Credit Union’s policy, as approved and amended from time to time by the Directors, in respect of rules and policies of the Credit Union relating to governance matters;~~

~~(s)~~(o) **Immediate Family** means (i) Spouse (including any persons living in a marriage-like relationship continuously for the past 2 years), child, stepchild, parent, step-parent or sibling; and (ii) any relative living in the same household as that person and such meaning shall evolve as legislation is amended from time to time;

~~(t)~~(p) **Junior Member** means a member who is below the age of majority as determined by ~~the Age of Majority Act of British Columbia~~applicable Legislation;

(q) **Member in Good Standing** means a member, including a Junior Member who, as at the Voting Record Date has purchased, paid for and holds the number of Class A Membership Equity Shares required by these Rules;

~~(u)~~(r) **Nominations Committee** means a committee of the Board of Directors, whether specifically referred to as the Nominations Committee or any other name, that is responsible for overseeing the nomination and election process of the Directors;

~~(v)~~(s) **Ordinary Resolution** means a resolution of the Credit Union passed at a general meeting by a simple majority of the votes cast by members of the Credit Union eligible to vote pursuant to these Rules;

~~(w)~~(t) **Performance Standards** means the standards approved by the Board of Directors from time to time ~~and set out in the Governance Policy~~, that Directors must adhere to in the exercise of their role and responsibilities as Directors of the Credit Union;

~~(x)~~(u) **Political Office** means either (a) a government office that is obtained by election, or (b) an office created by a constitution or legislative act, having a definite tenure, and involving the power to carry out some governmental function;

~~(y)~~(v) **Pre-amalgamation Predecessor(s)** means Westminster Savings Credit Union, incorporation number FI-69, including all its pre-amalgamation predecessors, and Prospera Credit Union, incorporation number FI-147, including all its pre-amalgamation predecessors;

~~(z)~~(w) **Registered Holder** means with respect to an issued share in the capital of the Credit Union, the person registered in the books and records of the Credit Union as being the member holding that share;

~~(aa)~~(x) **Returning Officer** means a returning officer appointed pursuant to these Rules;

~~(bb)~~ **Securities Act** means the ~~Securities Act~~ of British Columbia from time to time in force and all amendments thereto and regulations made pursuant thereto;

~~(cc)~~(y) **Special Resolution** ~~means, subject to the requirements of the~~ has the meaning given to it in applicable Legislation – Credit Union Incorporation Act and any amendments thereto, and is a resolution of the Credit Union passed ~~at a general meeting~~ by a majority of not less than $\frac{2}{3}$ of the votes cast by members of the Credit Union eligible to vote pursuant to these Rules, or such lower threshold as permitted by applicable Legislation;

~~(dd)~~ **Spouse** ~~has the meaning given to it in the Credit Union Incorporation Act and includes a Spouse of the same or opposite sex;~~

~~(ee)~~(z) **Vice Chair** means the vice chair of the Board of Directors; and

~~(ff)~~(aa) **Voting Record Date** means the date determined by the Board of Directors pursuant to these Rules and applicable Legislation, on which a Member in Good Standing is determined for the purposes of voting in the election of Directors, on a Special Resolutions, on matters to be considered at a general meeting ~~and or on~~ any other matter.

INTERPRETATION

These Rules are subject to and must be read and applied in conjunction with, ~~the Credit Union Incorporation Act, the Financial Institutions Act, the Business Corporations Act and all~~

amendments thereto and Regulations made pursuant to these Acts, applicable Legislation. Except where such Acts-Legislation states the Rules may otherwise provide, any applicable provision of such Acts-Legislation that is inconsistent with these Rules shall prevail.

1. MEMBERSHIP

- 1.1 **Application for Membership.** Every application for membership in the Credit Union shall be in writing or by Electronic means and be accompanied by payment in full of the number of Class A Membership Equity Shares required by these Rules to be held by a member on the date of application for membership. ~~The Board of Directors may, in its sole discretion, delegate the authority to approve or reject applications for membership.~~
- 1.2 **Policies for Purchase, Payment, Redemption, and Ownership of Shares.** Subject to ~~the provisions of the Credit Union Incorporation Act~~ applicable Legislation that specifies the minimum number of Class A Membership Equity Shares for which a member must subscribe and pay, the Board of Directors may establish policies to waive or delay purchase, payment, redemption, and ownership in whole or in part of Class A Membership Equity Shares as required by these Rules, and may set minimum or maximum limits.
- 1.3 **Withdrawal From 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~~ applicable Legislation.
- 1.4 **Junior Members.**
- (a) A Junior Member is not entitled to vote or be a Director of the Credit Union.
 - (b) The restrictions under these Rules for a Junior Member shall cease upon such member reaching the age of majority as determined by ~~the Age of Majority Act of British Columbia~~ applicable Legislation and such member shall enjoy the rights and obligations of all other non-Junior Members, provided that such member then holds the number of Class A Membership Equity Shares required to be held by these Rules.

2. VOTING

- 2.1 **Voting Eligibility.** Only those Members in Good Standing on the Voting Record Date established pursuant to Rule 2.2, except a Junior Member, are eligible to vote in the election of Directors, on a Special Resolutions, on matters to be considered at general meetings, ~~and or on~~ any other matter.
- 2.2 **Voting Record Date.**
- (a) The Board may fix in advance a Voting Record Date; and
 - (b) The membership list of the Credit Union will, for the purpose of the vote, be closed and only those Members in Good Standing as of the close of business of the Credit Union on such date will be eligible to cast ballots in

the election of Directors, on a Special Resolutions, on matters to be considered at general meetings, or on any other matter.

2.3 **Who May Vote.** Subject to the exception contained in Rule 11.10, eligible Members in Good Standing are entitled to one (1) vote in the election of Directors, on a Special Resolutions, on matters to be considered at general meetings ~~and or~~ on any other matter, to be cast by:

(a) in the case of an individual by the member;

(b) in the case of a member who is not an individual or an unincorporated association (but is a society, corporation, partnership or any other entity), who is not an individual, by its representative (who may, but need not be a member of the Credit Union, but must be of the age of majority as defined by ~~the Age of Majority Act of British Columbia~~applicable Legislation) duly appointed in writing and deposited with the Credit Union as provided ~~in the Credit Union Incorporation Act~~for in applicable Legislation and in a form prescribed by the ~~Nominations Committee~~Board of Directors, is authorized to vote ~~at the meeting~~ on behalf of the member; ~~and. Such representative, if an eligible Member in Good Standing in their individual capacity, may vote in their individual capacity as well in their capacity as representative for such member society, corporation, partnership or other entity they represent.~~

(c) in the case of a member who is an unincorporated association by its representative (who must be a member of the Credit Union and be of the age of majority as defined by applicable Legislation) duly appointed in writing and deposited with the Credit Union, as provided in applicable Legislation and in a form prescribed by the Board of Director is authorized to vote on behalf of the unincorporated association.

Such representative, if an eligible Member in Good Standing in the member's individual capacity, may vote in the member's individual capacity as well in the member's capacity as representative pursuant to this Rule 2.3.

2.4 **No Proxy Voting.** No member may vote by proxy.

2.5 **Proof of Membership.** Individuals and representatives may be required to provide evidence of identity, age and membership, if applicable, and may be required to provide a declaration that the individual or representative has not previously cast a vote in the election of Directors, on a Special Resolution, on any matter being considered at a general meeting, or on any other matter then in progress.

2.6 **Method of Voting.** Subject to ~~the Credit Union Incorporation Act, the Financial Institutions Act and the Electronic Transactions Act,~~applicable Legislation, the Board of Directors shall, not less than sixty (60) days prior to the Annual General Meeting, determine whether the vote on an election of Directors, ~~or~~ Special Resolution or any other matter to be voted on outside a meeting will be by:

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

For greater certainty, the Board of Directors may select either the same or a different method of voting for a Special Resolution, ~~and~~ for a Directors' election and for any matter to be voted on outside a meeting, (whether occurring concurrently or consecutively).

2.7 Distribution of Ballots. In accordance with the determination made by Rule 2.6, the Board of Directors shall, not less than sixty (60) days prior to the Annual General Meeting, determine the method by which ballots for the election of Directors, ~~or~~ Special Resolution or any other matter to be voted on outside of a meeting may be distributed:

- (a) to members by request in accordance with Rules 9.16 and 13.3;
- (b) to members by making ballots available in branch offices;
- (c) by Electronic means;
- (d) by mail to all members eligible to cast a ballot; or
- (e) a combination of some or all of the above methods.

2.8 Multiple Ballots. If a member casts more than one ballot in their ~~member's~~ individual capacity or more than one ballot in their ~~member's~~ representative capacity, in a Director's election, ~~or~~ Special Resolution vote, any matter being considered at a general meeting or on any other matter in each case all such ballots cast by the member will be void and none of them will be counted in the tally of ballots.

2.9 Returning Officer. At least sixty (60) days prior to the date on which voting is to commence on an election of Directors or Special Resolution, the Board of Directors shall appoint a Returning Officer who shall be responsible for the supervision of elections and of the voting on a Special Resolution and may, but need not, be a member of the Credit Union, but shall not be a Director or employee of the Credit Union. The Returning Officer, with the agreement of the Nominations Committee, may engage such other resources as may be necessary for the proper conduct of the election; and with the agreement of the Board of Directors, may engage such other resources as may be necessary for the proper conduct of the voting on the Special Resolution. If a proposed Special Resolution and election of directors is being held concurrently, then the Returning Officer appointed shall supervise both the Special Resolution vote and the election of Directors.

2.10 Supervision of Vote. The Returning Officer shall supervise the tabulation of all the votes in an election of Directors and the voting on a on a Special Resolution, and:

- (a) may require a member to provide proof and particulars of membership and may require a member to provide a declaration, in the form prescribed by the Nominations Committee Board of Directors, that the member has not

previously cast a ballot in the election or on the Special Resolution vote then in progress signed by the member;

(b) shall obtain all ballots and, after the close of balloting, shall cause a tally to be made of all ballots, such tally to be made in a manner that ensures the secrecy of the balloting; and

(a)(c) notwithstanding anything herein contained, the final decision in determining whether a ballot is to be accepted or rejected shall be made prior to the tallying of votes by the Returning Officer, whose discretion is absolute and not open to question or review.

2.11 **Lost or Destroyed Ballot.** If a member who is eligible to vote in a director's election or on a Special Resolution, does not receive a ballot pursuant to Rule 9.16(g) or Rule 13.3(f), or loses or destroys the ballot before it is cast, then upon receipt of a declaration, in a form prescribed by the Board of Directors and signed by that member, prior to the close of voting that the ballot was not received, or has been lost or destroyed, and that the member has not cast a ballot in the election or on the Special Resolution, the Credit Union shall make available to that member a replacement ballot and any other information to be provided pursuant to Rule 9.16 and Rule 13.3.

3. SHARES

3.1 **Authorized Capital.** The shares of the Credit Union shall consist of an unlimited number of Class A Membership Equity Shares with a par value of \$1.00 each and such shares are the membership shares of the Credit Union and shall have attached thereto the special rights and restrictions as set out in attached Schedule A.

3.2 **Membership Share Requirements.** As a condition of admission as a member of the Credit Union, each member is required to subscribe for, fully pay for and hold the following number of Class A Membership Equity Shares:

(a) each member who is an individual, including a Junior Member – five (5) shares;

(b) if shares are held jointly, each joint account holder must hold – five (5) shares; and

(c) each member that is an incorporated or unincorporated entity – five (5) shares.

3.3 **Joint Ownership.**

(a) Class A Membership Equity Shares may be held jointly and the joint holders must each acquire the requisite number of Class A Membership Equity Shares.

- (b) All jointly held Class A Membership 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 Class A Membership Equity Share that is jointly held until one of the events described in paragraph 1.4(a) of Schedule A, Special Rights and Restrictions occurs in respect of the last surviving joint holder.

4. DEPOSITS

- 4.1 **Deposit, Withdrawal, and Redemption Forms.** The Board of Directors may determine the forms and methods (including by Electronic means) by which a person may place monies on deposit, withdraw monies on deposit, and the Board of Directors may, by resolution, delegate the power to make such determination.
- 4.2 **Interest on Deposits and Distributions.** Interest on deposits, in the absence of an express contract or agreement, shall be paid or credited at times, intervals and in a manner determined by the Board of Directors and the Board of Directors may, by resolution, delegate the power to make such determinations.
- 4.3 **Joint Accounts.** Accounts may be held jointly.

5. BORROWING AND LENDING

- 5.1 **Directors Shall Determine Terms of Loans.** Subject to ~~the Credit Union Incorporation Act and the Financial Institutions Act~~applicable Legislation, the Board of Directors shall determine the terms and conditions of loans including, but not limited to, interest, other charges, term, repayment, security and approval and may, by resolution, delegate the power to make loans and such determination.
- 5.2 **Directors May Borrow.** Subject to ~~the Credit Union Incorporation Act and the Financial Institutions Act~~applicable Legislation, the Board of Directors may raise and borrow money for the purpose of the Credit Union upon such terms and conditions as to interest, terms, repayment and security as they determine by resolution.

6. BOARD OF DIRECTORS

- 6.1 **Number of Directors.** The Board of Directors shall consist of nine (9) members except if a vacancy occurs, there is an insufficient number of qualified candidates nominated or the number of members of the Board is increased by Directors resolution to not more than fifteen (15) members pursuant to Rule 6.6. At no time can the number of members on the Board be less than five (5). Where the number of Directors is reduced to less than five (5), the continuing Directors may act for the purpose of filling vacancies up to that number, or to summon a general meeting of the Credit Union, but for no other purposes.
- 6.2 **Term of Office.** Except where a Director is appointed or elected pursuant to Rule 6.5 to fill the unexpired portion of a term and subject to the provisions of Rule 6.6,

each person elected as a Director shall take office for a three-year term so that, for continuity purposes, one-third ($\frac{1}{3}$) of the Board of Directors shall retire each year. A term of office commences immediately following the close of the Annual General Meeting following such election and ends as at the close of the third Annual General Meeting following the commencement of such term. A retiring Director is eligible to be nominated for re-election subject to Rule 6.3.

6.3 Term Limits. Subject to Rules 6.5 and 8.4:

- (a) Other than First Directors, a Director of the Credit Union is eligible to serve a maximum of four (4) three-year terms, whether the terms are served consecutively or intermittently, inclusive of any director terms served at any Pre-Amalgamation Predecessor;
- (b) First Directors are eligible to serve an aggregate maximum of twelve (12) years, inclusive of any director terms served at either Pre-Amalgamation Predecessor;
- (c) A Director who has served four (4) three-year terms, or, ~~in the case of a First Director,~~ a Director (including a First Director) whose previous terms of service with the Credit Union (including its ~~Pre-amalgamation~~ Pre predecessors) when combined with another three-year Director term would result in exceeding the twelve (12) total years described in (a) and (b) above, shall not be eligible to be nominated for re-election at the Annual General Meeting coinciding with the expiry of such Director's most recent term of office;
- (d) Partial terms held to fill a vacancy shall not be counted towards a Director's term; and
- (e) The restriction in paragraphs (a), (b) and (c) of this Rule 6.3 is a lifetime limit and shall apply to all current and future Directors.

6.4 Varying Terms. Where the offices of Directors being filled at any election are for different term lengths, the term of each person elected shall be determined in proportion to the number of votes received by the person, with the person receiving the greatest number of votes to hold office for the longest term, provided that if there are two (2) or more persons who receive an equal number of votes, the ~~e~~ Candidate for Director who has been recommended by the Nominations Committee shall hold office for the longest term, if both or neither ~~e~~ Candidate has been recommended by the Nominations Committee, ~~then~~ the ~~Candidate's~~ Candidate's term of office shall be determined by the Returning Officer by random draw, and if there is an election by acclamation the respective terms of the persons so elected shall be determined by random draw by the Nominations Committee.

6.5 Vacancy. If the number of Directors of the Credit Union prescribed in this Rule 6 is reduced by death, resignation, disqualification, or removal from office or by failure to elect or appoint a Director pursuant to these Rules or for any other reason, the remaining Directors, save as may be provided by any other provision in these Rules, shall have all of the powers of the Board of Directors until the

vacancy or vacancies caused thereby have been filled by appointment or election. Subject to Rule 6.6, the remaining Directors may appoint a person eligible under Rule 8.2 to fill any such vacancy. Any person so appointed shall hold office until the close of the next Annual General Meeting, at which time the unexpired portion of the term vacated shall be filled through the nominations and election process prescribed by these Rules.

6.6 Number of Directors After Asset Purchase

- (a) Notwithstanding anything else contained in this Rule 6, if the Credit Union completes an agreement for the purpose of purchasing all or substantially all of the assets or all of the shares of another credit union in accordance with applicable Legislation, the Board of Directors may by resolution appoint such additional Directors, who are eligible to serve as Directors under Rule 8.2, as the Board of Directors shall determine, at their sole discretion, and may designate the length of the ~~ir~~ terms of office of each additional Director, but the total number of Directors following such appointment shall not in any event exceed fifteen (15), and the term of office of any such additional Director shall not continue beyond the close of the third Annual General Meeting following such appointment.
- (b) Where the term of a Director appointed pursuant to this Rule 6.6 has expired or where such position becomes vacant prior to the termination of the term, no vacancy shall be deemed to exist and, for greater certainty, no person shall be appointed or elected pursuant to Rule 6.5 to fill any unexpired portion of the term of a Director appointed pursuant to this Rule 6.6, and Rule 6.2 shall not apply to any person appointed pursuant to this Rule 6.6 but a person so appointed whose term has expired shall be eligible for election for any other vacancy for which an election is to be held.

6.7 Removal of Director. A person may be removed as a Director by resolution passed by not less than two-thirds ($\frac{2}{3}$) of the remaining Directors if that Director:

- (a) has failed, without being excused by the Chair (or, in the case of the Chair, the Vice Chair), to attend (i) three (3) consecutive meetings of the Board of Directors, (ii) three consecutive regular meetings of any Board Committee to which the Director is a member, or (iii) more than a total of four (4) meetings of the Board and any Board Committee to which the Director has been appointed or elected in any given financial year; or
- (b) has breached the policies concerning Conflict of Interest, Confidentiality or the Code of Conduct and Ethics for Directors or any such other codes and policies as such Director may become subject to as a Director of the Credit Union from time to time; or
- (c) has breached the confidentiality of any proceedings, deliberations, or information of the Board of Directors; or
- (d) has failed to uphold or maintain the standards for Directors set out in the Performance Standards,

as determined by the remaining Directors in accordance with the policies and procedures relating to director conduct and review established by the respective Board Committee and Board.~~Governance Policy.~~ At least seven (7) days prior to the meeting at which the removal of a Director is to be considered, the Corporate 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 Directors voting on the resolution for the Director's removal. Once such submissions are made the decision of the Board is final and binding.

- 6.8 **Director Remuneration.** The maximum annual aggregate compensation that is available for the remuneration of Directors is \$500,000. The Board has the discretion to determine compensation and, in the case of Directors serving in additional capacities (committees, chair, etc.), allocation to individual Directors within the approved maximum annual aggregate compensation limit. Any adjustment to the maximum annual aggregate compensation amount for Directors shall be subject to the approval of members in accordance with ~~the Financial Institutions Act~~applicable Legislation and shall be in effect until a further adjustment is approved by members in accordance with applicable Legislation.

7. PROCEEDINGS OF THE BOARD OF DIRECTORS

- 7.1 **Frequency of Meetings.** The Board of Directors shall meet at least four (4) times in each calendar year and not less frequently than once in each quarter, and shall hold at least two (2) Board planning sessions in each calendar year.
- 7.2 **Appointment of Officers.** The Board of Directors shall:
- (a) elect from its own members a Chair and Vice Chair;
 - (b) appoint a Chief Executive Officer to be the senior management officer and President of the Credit Union;
 - (c) appoint a Corporate Secretary; and
 - (d) appoint such additional officers as it deems necessary for the continuing operations of the Credit Union.
- 7.3 **Calling Meetings.** Upon notice pursuant to Rule 7.4, the Chair:
- (a) at any time may call a meeting of the Board of Directors; and
 - (b) within fourteen (14) days of receipt of a request in writing to call a meeting signed by three (3) Directors, shall call a meeting of the Board of Directors.
- 7.4 **Notice of Meetings.** Notice of the day, time and place-location (whether in-person or by virtual means) of a meeting of the Board of Directors shall be given to each Director at the last address left by the Director for that purpose by personal delivery, mail or Electronic means, not less than three (3) days before the meeting,

provided that notice to a Director may be waived by that Director. Attendance at a meeting (whether in-person or by virtual means) shall be deemed to be a waiver of such notice. Accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by any Director shall not invalidate the proceedings at that meeting.

7.5 **Waiver of Notice.** A Director may waive notice of any past or present meeting of the Directors.

7.6 **Quorum.** A majority of the Directors shall constitute a quorum but a lesser number may adjourn from time to time until a quorum is obtained. 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 determining a quorum.

7.7 **Duties of Chair and Vice Chair.** If the Chair is absent or is unable for any reason to act, or if the office of the Chair becomes vacant, the Vice Chair, or in their absence of the Vice Chair another member of the Board appointed by the Board of Directors shall assume and discharge the duties and responsibilities of the Chair at the meeting in question.

7.8 **Questions Arising at Meetings.** Any motion for a resolution arising at any meeting of the Board of Directors, except those that arise under Rule 6.7, shall be decided by a majority of votes, and the Chair shall be eligible to vote and, in the event of deadlock, the Chair's vote shall also act as the casting vote.

7.9 **Appointment of Committees.** Subject to ~~the Credit Union Incorporation Act and Financial Institutions Act,~~applicable Legislation, the Board of Directors:

(a) shall, by resolution, elect or appoint such Board Committees as required by ~~the Financial Institutions Act,~~applicable Legislation consisting of such number of ~~the~~ Directors ~~and not fewer than three (3),~~ as the Board ~~of Directors~~ thinks fit;

(b) may, by resolution, appoint one (1) or more other Board Committees consisting of such number of the Directors ~~and not fewer than three (3),~~ as the Board ~~of Directors~~ thinks fit; and

(c) may, by resolution, delegate to any such Board Committee the powers of the Board of Directors and may from time to time revoke such delegation, but shall not delegate the following powers:

(i) power to fill vacancies in the Board of Directors;

(ii) the power to change the membership or fill vacancies in any Board Committee appointed by the Board of Directors; and

(iii) the power to appoint or to remove officers appointed by the Board of Directors, or the power to declare dividends.

- 7.10 **Terms of Reference.** Any Board Committee elected or appointed pursuant to Rule 7.9 shall:
- ~~(a)~~ conform to any regulations, including applicable Legislation, that may from time to time be imposed upon it by the Board of Directors; ~~and~~
 - ~~(b)~~ ~~keep regular minutes of their meetings and cause them to be recorded in books kept for that purpose.~~
- 7.11 **Authority.** The Board of Directors shall have the power at any time to revoke or override any authority given to any Board Committee and to terminate the election or the appointment or change the membership of any Board Committee elected or appointed pursuant to Rule 7.9 and to fill vacancies in it.
- 7.12 **Committee Proceedings.** Unless otherwise determined by the Board of Directors, the members of a Board Committee may meet and adjourn as they think proper and questions arising at the meeting of a Board Committee shall be decided by a majority of votes and the chair of the Board Committee appointed in accordance with ~~the Governance Policy~~ Board approved policies shall not vote except in the event of an equality of votes.
- 7.13 **Committee Quorum.** A majority of the members of a Board Committee shall constitute a quorum and 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 quorum.
- 7.14 **Ex officio Basis.** Where the Chair serves as a member of a Board Committee solely on an *ex officio* basis, the Chair shall not be counted in determining quorum for the Board Committee and shall not have a vote at meetings of that Board Committee, unless otherwise stated in the terms of reference adopted by the Board of Directors for such Board Committee.
- 7.15 **Meetings by Telecommunications.** ~~If a majority of the Directors present at or participating in a meeting consent, a~~ meeting of the Board of Directors or a Board Committee ~~of Directors~~ may be held by means of Electronic or other communications facilities that allow all Directors participating in the meeting to communicate with each other during the meeting, and a Director who participates in the meeting by those means shall be deemed ~~to have so consented and~~ to be present at the meeting and shall be counted in the quorum therefore and entitled to speak and vote thereat using those means. A meeting held under this Rule 7.15 shall be deemed to be held at the place where the records office of the Credit Union is located.
- 7.16 **Consent Resolution.** A resolution, whether or not in counterpart, consented to in writing or by Electronic means, by all Directors or all the members of a Board Committee and filed with the minutes of the Board of Directors or the Board Committee shall be as valid and effectual as if it had been passed at a meeting of the Board of Directors or of the Board Committee, duly called and constituted.

8. ELIGIBILITY TO BE A DIRECTOR

8.1 **Eligibility for Election/Appointment as a Director.** Each person, other than a Junior Member or a person disqualified by Rule 8.2, who:

- (a) has been a Member in Good Standing of the Credit Union, or who is at the time a Member in Good Standing of the Credit Union and has been a member of another credit union of which all or substantially all of the assets ~~or all of the shares~~ of which have been purchased by the Credit Union, for at least ninety (90) days immediately before, in the case of a Directors election, the date of the Annual General Meeting at which the member is to be elected, or, in the case of filling a vacancy, the date the member is appointed to fill the vacancy ~~occurred~~; and
- (b) is not more than ninety (90) days delinquent in any obligation to the Credit Union,

is eligible to be a Director.

8.2 **Disqualification of Candidates and/or Board Members.** A person is not eligible to be elected or appointed to the office of Director and, if holding the office of Director, shall immediately vacate the office, if such person:

- (a) is a person disqualified from becoming or acting as a Director, pursuant to ~~the Business Corporations Act, the Credit Union Incorporation Act or the Financial Institutions Act~~ applicable Legislation; ~~or~~
- (b) is not, or ceases to be, eligible to be insured as required under ~~the Financial Institutions Act~~ applicable Legislation;
- (c) is, or any member of their Immediate Family of such person is, an employee of the *Credit Union Deposit Insurance Corporation* of British Columbia, an auditor of a credit union or any person holding Political Office, who in the course of ~~their~~ such person's duties in Political Office, has a direct or indirect influence over the affairs of the credit union industry;
- (d) is an employee of the Credit Union, a subsidiary of the Credit Union or an affiliated corporation of the Credit Union in which the Credit Union holds shares or a person who is a member of the Immediate Family of such an employee;
- (e) a person who is a member of the Immediate Family of a person who is a ~~e~~Candidate or is an incumbent Director who would be on the Board at the same time as that person if that person was elected;
- (f) a person who has received from the Credit Union or any of its subsidiaries, or a person who was, or is a director or officer of a corporation, or a shareholder of a corporation controlled by that person, which has received from the Credit Union or any of its subsidiaries, payments for services of more than \$10,000 during the one-year period prior to the date for the close

of nominations determined in accordance with Rule 9.2 other than payment received as remuneration for the person acting in the capacity of Director of the Credit Union, or a person who is a member of the Immediate Family of such a person;

~~(g)~~ (g) has been an employee of the Credit Union (including its Pre-amalgamation Predecessors), or a subsidiary of the Credit Union (including its Pre-amalgamation Predecessors) ~~or an affiliated corporation in which the Credit Union holds shares~~ at any time during the seven (7) year period immediately before such member's election or appointment;

~~(g)(h)~~ (g)(h) ~~, or~~ has been an employee or director of a credit union duly registered to carry on business in the Province of British Columbia, a subsidiary of such credit union or an affiliated corporation in which the Credit Union holds shares at any time during the ~~seven-two~~ (27) year period immediately before such member's election or appointment;

~~(h)(i)~~ (h)(i) has ever been in default under any obligation to the Credit Union (including its Pre-amalgamation Predecessors) and has failed to pay the debt in full together with accrued interest;

~~(i)(j)~~ (i)(j) is a director, officer, agent, or employee, or the Immediate Family of a director, officer, agent or employee of a credit union (except a person who is a director or officer of a Central Credit Union), bank, trust company, savings and loan association, loan company, leasing company or any other firm, association, syndicate, company, corporation or other business enterprise engaged in or concerned with or interested in any business or any part thereof from time to time carried on by the Credit Union or by any of its subsidiaries, except where the Board of Directors determines, by resolution, that this Rule 8.2(j) shall not apply to such person;

~~(j)(k)~~ (j)(k) while holding office as a Director, or while being a Candidate, has been more than ninety (90) days delinquent in any obligation to the Credit Union;

~~(k)(l)~~ (k)(l) being a Director, fails to complete the director training program, if any, required by ~~the Credit Union Incorporation Act~~ applicable Legislation within the period specified under ~~the Credit Union Incorporation Act~~ applicable Legislation;

~~(l)(m)~~ (l)(m) while holding office as a Director, or while being a ~~e~~Candidate in a directors election, ceases to hold the number of membership shares required by these Rules;

~~(m)(n)~~ (m)(n) while holding office as a Director, runs for Political Office;

~~(n)(o)~~ (n)(o) was previously removed at any time from the position of Director of the Credit Union (including its Pre-amalgamation Predecessors) by the Board of Directors in accordance with Rule 6.7;

~~(p)~~(p) was disqualified as a Candidate in any previous Directors election for not complying with these Rules or the Election Guidelines;

~~(p)~~(q) has breached these Rules or the Election Guidelines when the Director was a ~~e~~Candidate for election as a Director; or

~~(q)~~(r) has exceeded the term limits described in Rule 6.3.

8.3 **Statement of Disclosure.** Every nominee for election or appointment as a Director shall file with the Nominations Committee, if for election, or with the Board of Directors, if for appointment, in forms prescribed by the Board of Directors:

- (a) the declaration as set out in Rule 9.7; and
- (b) a statement of all known conflicts of interest between the nominee and the Credit Union.

The declaration and statement shall not excuse the nominee, if elected or appointed, from compliance with ~~the Credit Union Incorporation Act, the Financial Institutions Act, and the Business Corporations Act~~applicable Legislation, Credit Union policies and these Rules.

8.4 **Financial Literacy.** At least one-third ($\frac{1}{3}$) of the Directors on the Board must be Financially Literate. If at least one-third ($\frac{1}{3}$) of the Directors are not Financially Literate, the number of Directors on the Board shall be increased, and the Board of Directors must appoint such number of individuals to the Board of Directors that are Financially Literate to ensure that at least one-third ($\frac{1}{3}$) of the Directors are Financially Literate. The term of a Director appointed pursuant to this Rule shall be until the close of the next Annual General Meeting.

9. NOMINATION AND ELECTION OF DIRECTORS

9.1 **Appointment of Nominations Committee.** Not later than forty-five (45) days following each Annual General Meeting, the Board of Directors shall appoint a Nominations Committee ~~of not less than three (3) Directors~~ provided that no Director whose term of office expires at the next Annual General Meeting following the appointment of the committee may serve as a member of the committee.

9.2 **Call for Nominations.** At least ninety (90) days before an Annual General Meeting, the Nominations Committee shall:

- (a) notify members of the Credit Union that an election of Directors is to take place, specifying the number of positions known at that time that are required to be filled and the ~~e~~Candidate criteria required;
- (b) notify members of the Credit Union of the date on which a member must be a Member in Good Standing to be eligible for nomination for the position of Director;

- (c) invite members to submit to the Nominations Committee in such form or forms the Nominations Committee shall from time to time prescribe for that purpose, the names of proposed Ceandidates prior to the date specified in the notice, which date shall not be less than thirty (30) days from the date of the notice;
- (d) advise members that, for purposes of being eligible to ~~to nominate a member and to be eligible to~~ vote in an election of Directors, a member, other than a Junior Member, must be a Member in Good Standing on the Voting Record Date established in accordance with Rule 2.2; and
- (e) provide to members such information as the Nominations Committee determines with respect to the role and responsibilities of the Board of Directors and individual Directors, and guidelines and qualifications for Ceandidates for the position of Director.
- 9.3 ~~**Number of Nominations Required.**~~ Candidates for Director must be nominated in accordance with the nomination application as approved by the Nominations Committee~~either by the Nominations Committee or in writing by three (3) Members in Good Standing as at the date stated in the Call for Nominations, and of the age of majority. No member, other than a member of the Nominations Committee, may nominate more than one (1) candidate in respect of an election of Directors.~~
- 9.4 **Form of Nomination.** Each nomination of a member as a Candidate must be in the form and accompanied by such information as is prescribed by the Nominations Committee from time to time.
- 9.5 **Rejection of Nomination.** If at least two-thirds ($\frac{2}{3}$) of the Nominations Committee resolved that a member's nomination information application is in any material respect false, incomplete or misleading, or that the candidacy is frivolous, vexatious or for the purpose of harming the Credit Union or is not in accordance with these Rules, the Nominations Committee may reject the member as a Ceandidate for Director. The Nominations Committee will notify the Nominee of the rejection and provide its reasons in writing, within a reasonable amount of time following its decision, and such written notice shall be delivered to the Nominee by Electronic means and if such method was not provided by the Nominee the written notice shall be delivered to the Nominee by mail, and the decision made by the Nominations Committee will be final and binding.
- 9.6 **Candidate Interview.** Before the name of a member is placed in nomination as a Ceandidate for election as a Director the Nominations Committee may require that member to attend an interview with the Nominations Committee at the time and place specified by the Nominations Committee. ~~If an individual is not able to attend an interview due to extenuating circumstances, the Nominations Committee may waive the applicable attendance requirement. The Nominations Committee may waive this attendance requirement for any member who is then currently serving on the Board of Directors.~~

9.7 **Declaration of Candidate Required.** Before the name of a person is placed in nomination as a Candidate, that person shall deliver to the Nominations Committee a declaration, in writing, stating that the member is willing:

- (a) to stand for election, and if elected or appointed, to serve as a Director and observe the Performance Standards;
- (b) to observe the provisions of applicable Legislation ~~law, including, but not limited to, the Credit Union Incorporation Act, the Financial Institutions Act, the Business Corporations Act and the Securities Act of British Columbia, as applicable;~~
- (c) to comply with the policies concerning Conflict of Interest, Confidentiality and the Code of Conduct and Ethics, ~~each as adopted by the Board of Directors from time to time; and/or any such other codes and policies as that Director may become subject to as a Director of the Credit Union from time to time; and~~
- (d) to observe these Rules and the procedures relating to the election and conduct of Directors contained herein,

and that the person meets the criteria to serve as a director for which he or she ~~such person has been~~ proposed as set out in the notice issued by the Nominations Committee and that the member is not disqualified under Rule 8.2.

9.8 **Acceptance of Nominations.** The Nominations Committee shall examine each nomination received and determine whether the nomination complies with ~~the Financial Institutions Act~~ applicable Legislation and these Rules, and shall accept each nomination of a member qualified-eligible to be a Candidate whose nomination complies with ~~the Financial Institutions Act~~ applicable Legislation and these Rules and is otherwise in order and shall reject each nomination of a member who is not qualified-eligible to be a eCandidate under Rule 8.2 or whose nomination does not comply with ~~the Financial Institutions Act~~ applicable Legislation or these Rules or is otherwise not in order and shall notify each nominee accordingly and shall, forthwith after the date on which nominations close:

- (a) inform each member whose nomination has been accepted of the provisions of these Rules with respect to the conduct of the election and provide to each member whose nomination has been accepted a copy of these Rules, the Election Guidelines and any determinations of the Board of Directors relating to elections and the conduct thereof, including campaign rules;
- (b) request that each member whose nomination has been accepted complete and deliver to the Nominations Committee, the personal information return required to be submitted to the Superintendent pursuant to ~~the Financial Institutions Act~~ applicable Legislation in the event such member becomes a Director of the Credit Union;

- (c) place in nomination the names of all ~~qualified-eligible~~ Candidates nominated in accordance with these Rules, including those ~~qualified~~ eligible Candidates nominated by the Nominations Committee, at least equal to the number of vacancies to be filled in the election; and
- (d) recommend any number of ~~e~~Candidates and may communicate its recommendation to the members in such manner as it deems fit. For further clarification, the Nominations Committee is not required to recommend any Candidates to the membership.

9.9 **Campaigning Rules.** Subject to applicable laws, the Board of Directors shall from time to time determine the method and manner in which ~~e~~Candidates shall be permitted to campaign for election and ~~e~~Candidates shall campaign in accordance with the permitted method and manner as determined by the Board of Directors, and set out in the Election Guidelines.

9.10 **Campaigning Prohibited.** Notwithstanding Rule 9.9, no ~~e~~Candidate shall:

- (a) campaign, or permit any person to knowingly campaign in a manner prohibited by the Election Guidelines; or;
- (b) interfere with, ingress or egress to the property of the Credit Union;

in connection with any election, except in the method and manner permitted pursuant to these Rules, the Election Guidelines and any regulations as may be determined by the Board of Directors.

9.11 **Campaigning Disqualification.** Subject to applicable laws, a Candidate who campaigns or permits any person to campaign on ~~his or her~~ of the Candidate behalf in any method or manner which is not in compliance with these Rules, the Election Guidelines or is other than as determined by the Board of Directors shall be requested by the chair of the Nominations Committee to cease such action and to comply with the Rules and Election Guidelines. If the Candidate fails to comply immediately with the request made by the Nominations Committee, the Nominations Committee shall disqualify the Candidate and no vote cast in favour of that Candidate shall be counted in the tally of ballots, but the ballots shall not otherwise be deemed to be void. Within a reasonable amount of time following the disqualification of a Candidate by the Nominations Committee, the Nominations Committee shall deliver written notice of such disqualification to the Candidate and the notice shall specify the reason or reasons for the disqualification, and such written notice shall be delivered to the Candidate by Electronic means and if such method was not provided by the Candidate the written notice shall be delivered to the Candidate by mail. The determination of the Nominations Committee shall be final and binding.

9.12 **Conduct of Candidates.** Notwithstanding Rule 9.9, no Candidate shall interfere with the election process or seek assistance in connection with the election from ~~any employee of the Credit Union or subsidiary thereof,~~ the Returning Officer or any person employed by the Returning Officer.

9.13 **Acclamation.** If the number of qualified ~~e~~Candidates nominated for the offices for which the election is to be held is less than or equal to the number of offices to be filled, the ~~e~~Candidates so nominated shall be declared elected by acclamation by the Nominations Committee, and, for the remaining vacant position(s), the Board will appoint one or more individuals in accordance with Rule 6.5.

9.14 **Elections to be Held.** Where the number of qualified ~~C~~eandidates nominated for the offices for which the election is to be held exceeds the vacancies to be filled, an election will be held before the next Annual General Meeting of the Credit Union.

9.15 **Validity of Ballots.** A ballot cast in the election of directors must: (i) contain votes for ~~the a~~ number of ~~persons~~Candidates not exceeding the number of Candidates to be elected and any ballot indicating another intention is void; and (ii) be received by the Returning Officer by the voting deadline and in the manner specified in the voting instructions otherwise the ballot is void.

9.16 **Notice of Election to Members.** Where an election is to be held, the Nominations Committee shall provide to all Members in Good Standing entitled to vote in the election:

- (a) a list of conditions under which the member will be eligible to vote;
- (b) a description of all available options for voting and applicable process for each;
- (c) notice of the dates during which voting in the election shall take place, specifying the date by which the ballot must be received by the Returning officer in order to be counted, which day must be not less than seven (7) days from the date that voting commences;
- (d) if the member is not an individual, the form of written authorization required to appoint an authorized representative of the member to vote on behalf of the member and clear and precise instructions for completing and returning the authorization ~~with the ballot~~;
- (e) a brief description of each of the Candidates ~~(in alphabetical order)~~ prepared by the Nominations Committee and instructions on how additional information regarding the Candidates may be accessed or obtained;
- (f) such other materials as the Nominations Committee deems necessary or advisable in connection with the voting, including its recommendation of any ~~C~~eandidate;
- (g) and in accordance with the determination made by the Board of Directors pursuant to Rule 2.6:

advise of the right ~~and method for~~ of each member to ~~either (i) request in writing or by telephone that a mail ballot be provided to the member by mail, which ballot shall then be cast by mail or (ii) request in person at a branch of the Credit Union a ballot, which ballot shall then be cast by mail;~~

The Nominations Committee may provide these items by mail, ~~or~~ by Electronic or any other means in accordance ~~with the *Electronic Transactions Act of British Columbia*~~ applicable Legislation, including advertisement.

9.17 **Non-Electronic Ballots.** If, in accordance with Rule 2.6, the Board of Directors determines that the method of voting in a Directors election will include mail ballots, or if a member requests a mail ballot pursuant to Rule 9.16(f), the Nominations Committee will provide with the notice of election or to the member, as the case may be:

- (a) a ballot with listing the names of all eCandidates ~~listed alphabetically~~, which allows for verification that the member voting is a Member in Good Standing, and provides for confidentiality of voting; and
- (b) clear instructions for casting and returning the ballot, which will specify the day and time by which the ballot must be received by the Returning Officer in order for the ballot to be considered valid.

~~9.18 **Lost or Destroyed Ballot.** If a member who is eligible to vote in the election, does not receive a ballot pursuant to Rule 9.16(g), or loses or destroys the ballot before it is cast, then upon receipt prior to the close of voting of a declaration, in the form prescribed by the Nominations Committee, from that member that the ballot was not received, or has been lost or destroyed, and that the member has not cast a ballot in the election and signed by that member, the Credit Union shall make available to that member a replacement ballot and any other information to be provided pursuant to Rule 9.16.~~

9.199.18 **Candidate Becomes Ineligible.**

- (a) If a Candidate dies, becomes ineligible for election under these Rules, withdraws the~~r~~ nomination of such Candidate, or is disqualified under these Rules before the end of the nomination period, the election will proceed as if the Candidate was not nominated.
- (b) If a Candidate dies, becomes ineligible for election under these Rules, withdraws the~~r~~ nomination of such Candidate, or is disqualified under these Rules during the voting period for election, the election will proceed as if the Candidate was not nominated and no vote cast in favour of such eCandidate shall be counted in the tally of ballots, but the ballots shall not otherwise be deemed to be void. If, as a result of such death, ineligibility or withdrawal, the number of Candidates is equal to the number of vacancies to be filled in that director's election, the Candidates will be elected by acclamation.

~~9.20 **Supervision of Vote.** The Returning Officer shall supervise the election of Directors and:~~

- ~~(a) may require a member to provide proof and particulars of membership and may require a member to provide a declaration, in the form prescribed~~

~~by the Nominations Committee, that the member has not previously cast a ballot in the election then in progress signed by the member;~~

~~(b) shall obtain all ballots and, after the close of balloting, shall cause a tally to be made of all ballots, such tally to be made in a manner that ensures the secrecy of the balloting;~~

~~(c) notwithstanding anything herein contained, the final decision in determining whether a ballot is to be accepted or rejected shall be made prior to the tallying of votes by the Returning Officer, whose discretion is absolute and not open to question or review.~~

9.219.19 Ties. If two or more Candidates receive the same number of votes in an election of Directors:

- (a) The Candidate who has been recommended by the Nominations Committee shall be elected; or
- (b) If both or neither Candidate has been recommended by the Nominations Committee, then the elected Candidate will be determined by random draw by the Returning Officer, prior to the Annual General Meeting.

9.229.20 Communication of Election Results. As soon as practicable, but no later than ten (10) days from the closing of an election and no later than twenty-four (24) hours before the commencement of the Annual General Meeting, the Returning Officer shall communicate the results of the election to the Chair of the Nominations Committee, who will communicate such results to each of the Directors and each of the Candidates for election.

9.239.21 Announcement of Election Results. The results of the election shall be announced at the next Annual General Meeting following the election.

9.249.22 When Directors Take Office. A person elected as a Director shall take office at the close of the Annual General Meeting next following ~~his or her the~~ election of such person or at such later date as the Superintendent accepts the person's Personal Information Return for filing.

9.259.23 Notice of Directors. A notice of the election or appointment of a person as a Director of the Credit Union shall be filed ~~with the Superintendent~~ in accordance with all applicable ~~laws~~ Legislation.

10. **INDEMNIFICATION AND PROTECTION OF DIRECTORS, OFFICERS AND CERTAIN AGENTS**

10.1 **Indemnification.** Subject to ~~the Financial Institutions Act~~ applicable Legislation, the Credit Union shall indemnify:

- (a) each Director and officer of the Credit Union;
- (b) each former Director and officer of the Credit Union; and

(c) each person who acts or who has acted at the request of the Credit Union as a director or officer of a corporation of which the Credit Union is or was a shareholder or creditor;

(each of whom shall be referred to as “Indemnified Person”)

against all costs, charges and expenses, including an amount paid to settle any action or proceeding or to satisfy any judgment, reasonably incurred by the ~~Director, officer, former Director, former officer or person~~ Indemnified Person for any civil, criminal or administrative action or proceeding, whether threatened, pending, continuing or completed, to which the Indemnified Person ~~Director, officer, former Director, former officer or person~~ is or may be made a party by reason of being or having been a ~~Director or officer~~ Indemnified Person of the Credit Union or corporation, if the ~~Director, officer, former Director or former officer~~ Indemnified Person 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, in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the ~~Director or officer or former Director or former officer~~ Indemnified Person of the Credit Union or corporation has reasonable grounds for believing that ~~his or her~~ the Indemnified Person’s conduct was lawful, and if the ~~Director, officer, former Director, former officer or person~~ Indemnified Person 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, officer, former Director, former officer or person~~ Indemnified Person, the Credit Union shall pay an amount by way of indemnity that will fully indemnify for the amount of all liabilities described herein and all income taxes payable as a result of the receipt of the indemnity payment.

11. **GENERAL MEETINGS**

- 11.1 **Notice of General Meeting.** In addition to the methods of giving notice of a general meeting provided by ~~the Credit Union Incorporation Act~~ applicable Legislation, notice may be delivered by Electronic means, in which case the provisions of Rule 17.3 apply.
- 11.2 **Date of Annual General Meeting.** Annual General Meetings of the Credit Union shall be held annually on a date fixed by the Board of Directors and shall be convened and held in accordance with the provisions of ~~the Credit Union Incorporation Act~~ applicable Legislation and these Rules.
- 11.3 **Other General Meetings.** Other general meetings may be convened and held in accordance with the provisions of ~~the Credit Union Incorporation Act~~ applicable Legislation. Every general meeting not being the annual meeting shall be considered a special general meeting.
- 11.4 **Rules of Order.** Subject to ~~the Credit Union Incorporation Act~~ applicable Legislation and these Rules, 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.

- 11.5 **Quorum.** At general meetings of the Credit Union, fifty (50) Members in Good Standing as at the Voting Record Date established pursuant to Rule 2.2, shall constitute a quorum, but a lesser number may adjourn from time to time until a quorum is obtained.
- 11.6 **Member Verification.** At general meetings each person must on request present evidence of identity, age and being a Member in Good Standing.
- 11.7 **Chair of General Meeting.** The Chair or in the absence of the Chair, the Vice Chair or in the absence of both of them, another member of the Board appointed by the Board of Directors, shall be the Chair of all general meetings.
- 11.8 **Ordinary Resolutions.** Except for Ordinary Resolutions proposed by the Board of Directors, any member proposed Ordinary Resolution must be submitted to the Board for review at least ninety (90) days prior to the commencement of a general meeting in order for the resolution to be eligible for consideration by the members at such general meeting.
- 11.9 **Manner of Voting.** Subject to these Rules and ~~the Credit Union Incorporation Act~~applicable Legislation the Chair shall determine whether voting at a meeting of the Credit Union shall be undertaken by show of hands, ~~or~~ by written vote, or by electronic means, on any matter, other than an election of directors or a Special Resolution, to be voted on at a meeting of the Credit Union. A declaration by the Chair that a resolution has been passed will be conclusive evidence of the fact.
- 11.10 **Casting Vote.** No member shall cast more than one (1) vote on a resolution except that in the case of an equality of votes, whether by show of hands, poll or ballot, the Chair of the meeting shall have a second or deciding vote.
- 11.11 **Order of Business.** So far as practical the order of business at an Annual General Meeting shall be:
- (a) Call to Order
 - (b) Ascertainment of Quorum
 - (c) Appointment of Recording Secretary and Parliamentarian
 - (d) Adoption of Agenda
 - (e) Approval of Minutes of previous general meetings
 - (f) Pending Business
 - (g) Receipt of the Report of Board of Directors
 - (h) Receipt and Approval of the Report of the Auditor
 - (i) Appointment of Auditor
 - (j) Receipt of the Report of the Chief Executive Officer
 - (k) Receipt of the Financial Statements
 - (l) Receipt of Reports of any Board Committees
 - (m) Report of Election of Directors
 - (n) Other Resolutions

- (o) Other Business
- (p) Adjournment

11.12 **Decorum.** The Chair of a general meeting may refuse entry to, or request removal from a general meeting, any individual the Chair determines, in ~~his or her~~the Chair's sole discretion, is acting in an inappropriate manner.

11.13 **Multiple-Location of General Meetings.** The Board of Directors may in their ~~Board's~~ discretion determine that a general meeting (including without limitation an Annual General Meeting) may be held in-person or electronically (whether fully electronic or partially electronic) and may be held at two or more places by means of electronic or other communications ~~facilities-medium~~ that ~~allow-facilitates participation in the meeting by~~ all persons ~~entitled to be present~~participating in the meeting to communicate with each other during the meeting, all of which together shall constitute one single meeting. A person who participates in a general meeting held in accordance with this Rule 11.13 shall be deemed to be present at the meeting and shall be counted in the quorum therefor. Any person participating in a meeting under this Rule 11.13 and entitled to vote at the meeting may, subject to ~~the Credit Union Incorporation Act, the Financial Institutions Act and the Electronic Transactions Act~~applicable Legislation, vote by means of the electronic or other communications ~~facilities-medium~~ made available by the Credit Union for that purpose.

11.14 **Permitted Attendees.** The only persons entitled to be present at a general meeting are:

- (a) those entitled to vote;
- (b) the Directors of the Credit Union;
- (c) the auditors of the Credit Union;
- (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 the Business Corporations Act~~applicable Legislation or these Rules to be present at the meeting; and
- (e) any other person may be admitted only on the invitation of the Board or with the consent of the meeting.

12. **ALTERATION**

12.1 **Special Resolution Required.** The Credit Union may alter its Constitution or these Rules by Special Resolution from time to time.

13. **SPECIAL RESOLUTIONS**

13.1 **Notice of Special Resolution.** In addition to the methods of giving notice of a Special Resolution provided by ~~the Credit Union Incorporation Act~~applicable Legislation, notice may be delivered by Electronic means, in which case the provisions of Rule 17.3 shall apply.

13.2 **Special Resolutions.** Subject to ~~the the~~ Credit Union Incorporation Act ~~applicable Legislation~~, the Board of Directors ~~Special Resolutions~~:

- ~~(a) — may be proposed resolutions for consideration by the members, including a special resolution, by the Board of Directors; and~~
- ~~(b) —~~
- ~~(c) — may be proposed by the members, and if so proposed must be signed by not less than five (5) per cent in number or three hundred (300) Members in Good Standing, whichever is the lesser, who are eligible to vote, and must be requisitioned in accordance with the provisions of the Credit Union Incorporation Act, and deposited at the registered office of the Credit Union at least ninety (90) days before a general meeting.~~

~~and such proposed Special Resolutions, whether proposed by the Board of Directors or requisitioned by a member, shall be brought before the membership to vote at the next Annual General Meeting, and t~~The Directors may, but shall not be required to, convene a special general meeting in conjunction with any resolution proposed by the Board of Directors for consideration by the membership.

13.3 **Voting Information.** Subject to ~~the Credit Union Incorporation Act~~ applicable Legislation, the Board of Directors shall provide to all Members in Good Standing entitled to vote on a Special Resolution:

- (a) a list of conditions under which the member will be eligible to vote;
- (b) a description of all available options for voting and applicable process for each;
- (c) notice of the dates during which voting on the Special Resolution shall take place; specifying the date by which the ballot must be received by the Returning Officer in order to be counted, which day must be not less than seven (7) days from the date that voting commences;
- (d) if the member is not an individual, the form of written authorization required to appoint an authorized representative of the member to vote on behalf of the member and clear and precise instructions for completing and returning the authorization with the ballot;
- (e) the wording of the Special Resolution with required or permitted information as the Board of Directors deems necessary or advisable in connection with the voting; and
- (f) in accordance with the determination made by the Board of Directors pursuant to Rule 2.6:

advise of the right and method for ~~of~~ each member eligible to vote to ~~either (i) request in writing or by telephone that a mail ballot be provided to the member by mail, which ballot shall then be cast by mail or (ii) request in person at a branch of the Credit Union a ballot, which ballot shall then be cast by mail;~~

The Board of Directors may provide these items by mail, by Electronic means, or any other means in accordance with applicable Legislation ~~the *Electronic Transactions Act*, or by other means as permitted under the Act~~, including advertisement.

~~13.4~~ **Lost or Destroyed Ballot.** ~~If a member, eligible to vote on the Special Resolution, does not receive a ballot pursuant to Rule 13.3(f), or loses or destroys the ballot before it is cast, then upon receipt of a declaration, in a form prescribed by the Board of Directors, and signed by that member prior to the closing of voting that the ballot was not received, or has been lost or destroyed, and the member has not cast a ballot on the Special Resolution, the Credit Union shall make available to that member a replacement ballot and any other information to be provided pursuant to Rule 13.3.~~

~~13.5~~ **Supervision of Vote.** ~~The Returning Officer shall supervise the voting on a Special Resolution and:~~

~~(a) may require a member to provide proof and particulars of membership and may require a member to provide a declaration, in a form prescribed by the Board of Directors, and signed by the member declaring that the member has not previously cast a ballot on the Special Resolution vote then in progress;~~

~~(b) shall obtain all ballots, and, after the close of balloting, shall cause a tally to be made of all ballots, such tally to be conducted in such manner so as to ensure the secrecy of the balloting;~~

~~(c) notwithstanding anything contained herein, the final decision in determining whether a ballot is to be accepted or rejected shall be made prior to the tallying of votes by the Returning Officer, whose discretion is absolute and not open to question or review.~~

~~13.6~~**13.4 Results.** As soon as practicable but in no event later than seven (7) days after the close of voting, the Returning Officer shall communicate the results of the voting to the Chair of the Board of Directors.

~~13.7~~**13.5 Communication to Members.** The Board of Directors shall communicate the results of the vote on a Special Resolution to the members by mail or Electronic means no later than thirty (30) days after receiving the results from the Returning Officer. Until such time, the Board will keep the results confidential.

~~13.8~~**13.6 Special Resolution Filing, with Superintendent.** ~~T~~The Credit Union will file a copy of ~~with the Superintendent of the Financial Institutions Commission~~ every Special Resolution approved by its members in accordance with applicable Legislation.

~~13.9~~**13.7 Voting on Special Resolutions Without a Meeting.** A Special Resolution passed in accordance with Rule 13 is valid as if it had been passed at a meeting of members and satisfies all the requirements of ~~the *Credit Union Incorporation*~~

~~Act and Financial Institutions Act~~applicable Legislation relating to meetings of members.

14. **AUDITOR**

14.1 **Appointment of Auditor.** At each Annual General Meeting of the Credit Union an auditor shall be appointed to hold office until the close of the next Annual General Meeting and, if at that meeting a new appointment is not made, the auditor in office shall continue as auditor until a successor is appointed.

14.2 **Remuneration.** The Board of Directors shall fix the remuneration of the auditor.

15. **FINANCIAL YEAR END**

15.1 **Financial Year End.** The financial year end of the Credit Union shall be December 31.

16. **SEAL**

16.1 **Seal.** The Credit Union may have a corporate seal.

16.2 **Custody of Seal.** If the Credit Union has a corporate seal, the Board of Directors shall provide for the safe custody of the corporate seal of the Credit Union at the registered office of the Credit Union or at such other place as the Board of Directors determines it shall be kept for safekeeping.

17. **MISCELLANEOUS**

17.1 **Legislation.** These Rules are subject to the provisions of ~~all~~ applicable ~~the~~ Legislation.

17.2 **Vote by Electronic Means.** Subject to ~~the Credit Union Incorporation Act, the Financial Institutions Act and the Electronic Transactions Act~~applicable Legislation, if the Board of Directors determines pursuant to these Rules that members may vote by electronic means, the Board of Directors may prescribe such technological and other requirements for the use of such Electronic means as the Board of Directors in its discretion considers desirable in the circumstances.

17.3 **Electronic Communication.** Subject to ~~the Credit Union Incorporation Act, the Financial Institutions Act and the Electronic Transactions Act~~applicable Legislation, unless these Rules expressly provide otherwise:

- (a) where these Rules require the use of documents that are “written”, “in writing” and other similar words, the Board of Directors may in its discretion permit the use of documents in such Electronic forms as the Board of Directors in its discretion considers desirable in the circumstances, provided that such Electronic documents are accessible in a manner useable for subsequent reference;

-
- (b) where these Rules require the provision or delivery of documents, the Board of Directors may in its discretion permit the provision or delivery of such documents in such Electronic form and by such Electronic means (including without limitation making such Electronic documents accessible to the intended recipient by an Electronic means of which the intended recipient is notified) as the Board of Directors in its discretion considers desirable in the circumstances, provided that such Electronic documents are (i) accessible by the recipient in a manner useable for subsequent reference and (ii) capable of being retained by the recipient in a manner useable for subsequent reference; and
 - (c) for the purposes of this Rule 17.3, “document” includes without limitation notices, instruments, resolutions and ballots.

17.4 **Omission of Notice.** Where a call for nominations, a notice of a Board-Directors election, or a notice of a meeting of the Credit Union, including a Special Resolution, is received generally by members of the Credit Union, the omission to give notice to any member or the non-receipt of notice by any member will not invalidate the election, the Special Resolution, or any ordinary resolution passed or any proceedings taken at the meeting.

SCHEDULE A

**Special Rights and Restrictions
Class A Membership Equity Shares**

1. The Class A Membership Equity Shares shall have attached thereto the following rights and restrictions:
 - 1.1 **Par Value.** Class A Membership Equity Shares shall be issued at and shall have a par value of \$1.00 each.
 - 1.2 **No Guarantee.** Money invested in Class A Membership Equity Shares and dividends thereon shall not be guaranteed by the fund administered by the *Credit Union Deposit Insurance Corporation* of British Columbia.
 - 1.3 **Transfer of Shares.** Unless permitted by a resolution of the Board of Directors, Class A Membership Equity Shares are not transferable.
 - 1.4 **Redemption of Shares.**
 - (a) Subject to ~~the Credit Union Incorporation Act~~applicable Legislation, the Credit Union shall redeem, in such manner and on such terms as the Board of Directors may determine from time to time, all the Class A Membership Equity Shares of a member if:
 - (i) the member withdraws from membership in the Credit Union;
 - (ii) the Credit Union terminates the membership of the member;
 - (iii) the member is a natural person and dies, subject to Rule 3.3; or
 - (iv) the member is a society, corporation, partnership or any other entity and is dissolved, wound-up, or otherwise ceases to be a legal entity according to the statute by or pursuant to which it was created;
 - (b) Subject to ~~the Credit Union Incorporation Act~~applicable Legislation and these Rules, the Credit Union may redeem or purchase any Class A Membership Equity Shares held by a member on such terms and conditions and at such times as the Board of Directors, in their Board's discretion, resolve;
 - (c) Class A Membership Equity Shares which are redeemed or purchased by the Credit Union shall be redeemed or purchased at par value, plus any dividends declared but unpaid thereon.
 - 1.5 **Liquidation, Dissolution or Winding-up.** In the event of the 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, the holders of Class A Membership Equity

Shares shall be entitled to receive the remaining property and assets of the Credit Union.