

Sydney Credit Union By-laws



SYDNEY

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ARTICLE 1 – DEFINITIONS AND INCONSISTENT PROVISIONS

Definitions

1.01 In these by-laws, unless the context otherwise requires:

- (a) “Act” means the *Credit Union Act*, SNS 1994, c 4, and includes the Regulations made under s. 257 of the Act;
- (b) “associate” means a person, other than a member, who has rights, as set out in these by-laws or the Act, in the credit union;
- (c) “body corporate” includes a credit union or other body corporate wheresoever or howsoever incorporated;
- (d) “bond of association” includes groups having a common bond of occupation or association, the residents within a well-defined neighbourhood, community or rural or urban district, including a rural trading area, employees of a common employer or members of bona fide fraternal, religious, co-operative, labour, rural, educational and similar organizations, and members of the immediate family of such persons;
- (e) “Central” means the Atlantic Central continued by the Act;
- (f) “Corporation” means the Nova Scotia Credit Union Deposit Insurance Corporation established pursuant to s. 155;
- (g) “court” means the Supreme Court of Nova Scotia;
- (h) “creditor” means a person, other than a depositor, to whom the credit union owes money and includes, as the context requires, the creditor's heirs, executors, administrators and assigns;
- (i) “debt obligation” means a bond, debenture, note or other evidence of indebtedness or guarantee, whether secured or unsecured;
- (j) “deposit” means money placed in an account in the credit union;
- (k) “deposit insurer” means any stabilization fund, stabilization board, deposit insurance corporation, or deposit guarantee corporation that monitors and regulates the performance of or protects the deposits in any member of the

Central, and includes, as the context requires, the Nova Scotia Credit Union Deposit Insurance Corporation;

- (l) “director” means an individual occupying the position of director of the credit union;
- (m) “individual” means a natural person;
- (n) “member” means a person having rights through a membership interest in the credit union in accordance with the provisions of the Act and the Articles of Amalgamation and these by-laws and includes, as the context may require, a member’s legal representative, and an associate of the credit union;
- (o) “membership” means the holding of the status of member;
- (p) “Minister” means the member of the Executive Council assigned responsibility for this Act;
- (q) “officer” includes the chair, vice-chair and secretary appointed by the Board of Directors, and such other officers as the Board of Directors considers appropriate;
- (r) “ordinary resolution” means a resolution passed by a majority of the votes cast by members who voted in respect of that resolution;
- (s) “patronage refund” means an amount that, pursuant to the Act, is allocated among and credited or paid by the credit union to its members or associates, based upon the business done by each of them with or through the credit union;
- (t) “person” includes an individual, partnership, association, body corporate, trustee, executor, administrator, or legal representative;
- (u) “prescribed” means prescribed by the Regulations;
- (v) “Regulations” means all regulations now or hereafter in force made pursuant to the Act;
- (w) “security interest” means an interest in or charge upon property of the credit union taken by a creditor to secure payment of a debt or performance of any obligation of the credit union, and includes a certificate evidencing a share or debt obligation;
- (x) “send” includes deliver;

- (y) “special resolution” means a resolution passed by a majority of not less than two-thirds ($\frac{2}{3}$) of the votes cast by the persons who voted in respect of that resolution, or signed by all the persons entitled to vote on that resolution;
- (z) “subsidiary” means a body corporate in which the credit union controls a majority of the voting shares;
- (aa) “Superintendent” means the Superintendent of Credit Unions appointed pursuant to s. 256 of the Act;
- (bb) “s.” refers to a section of the Credit Union Act.

Singular and Plural

- 1.02 Unless the context otherwise requires, defined words importing the singular will include the plural and vice versa.

ARTICLE 2 – MEMBERSHIP AND ASSOCIATE STATUS

Membership

- 2.01 Applications for membership or for associate status shall be approved by the Board of Directors or approved in the manner authorized by the Board of Directors.
- 2.02 Any person applying for membership must satisfy the common share purchase requirements as set out in Articles 3.03 to 3.07 of these by-laws.
- 2.03 The directors of the credit union may refuse to approve an application for membership where they are satisfied that it is not in the interest of the credit union to approve such application.
- 2.04 A person under eighteen (18) years of age may be accepted as a member of the credit union and shares may be held and moneys received by the credit union in that person's name or in the name of a trustee for that person, if the trustee is a member or is eligible to be a member of the credit union.
- 2.05 A credit union may not be a member of another credit union.
- 2.06 Two (2) or more individuals may jointly hold a membership in a credit union, and that membership may vote in accordance with Articles 4.23 and 4.24 of these by-laws.

Associate Status

- 2.07 At no time, shall the number of associates exceed one-quarter ($\frac{1}{4}$) of the number of members of the credit union.
- 2.08 A credit union may not be an associate of another credit union.
- 2.09 Subject to the Act, an associate of the credit union has all the rights and privileges and is subject to all of the obligations of a member of the credit union, except that an associate shall not:
 - (a) vote at any meeting of members; or
 - (b) become an officer or a director of the credit union.

Associate Termination

- 2.10 The directors, by a resolution passed by a majority of the directors at a meeting called to consider the resolution, may terminate the membership of an associate.
- 2.11 The associate whose membership is proposed to be terminated by a resolution of the directors pursuant to subsection (1) is entitled to at least seven (7) days' notice of the meeting at which the resolution is to be considered, together with a statement of the grounds upon which the membership is proposed to be terminated, and is entitled to appear, either personally or by or with an agent or counsel, to make submissions at the meeting.
- 2.12 Within seven (7) days after the date on which the resolution referred to in subsection (1) is passed by the requisite majority, the credit union shall, in the same manner as that provided for the giving of notice of a meeting of members, notify the associate whose membership was terminated of the resolution.

Membership Termination

- 2.13 The directors, by a resolution passed by a majority of the directors at a meeting called to consider the resolution, may terminate the membership of a member.
- 2.14 The member whose membership is proposed to be terminated by a resolution of the directors pursuant to subsection (1) is entitled to at least seven (7) days' notice of the meeting at which the resolution is to be considered, together with a statement of the grounds upon which the membership is proposed to be terminated, and is entitled to appear, either personally or by or with an agent or counsel, to make submissions at the meeting.
- 2.15 Within seven (7) days after the date on which the resolution referred to in subsection (1) is passed by the requisite majority, the credit union shall, in the same manner as that provided for the giving of notice of a meeting of members, notify the person whose membership was terminated of the resolution.

Membership Withdrawal

- 2.16 A member may withdraw from the credit union on such terms and conditions as the Act, the Articles of Amalgamation or these by-laws may provide.
- 2.17 A member may withdraw deposits in accordance with Articles 3.19 through 3.21 of these by-laws.

Effect on Termination and Withdrawal Provisions

- 2.18 No provisions in respect of terminated or withdrawing members affect the provisions of any contract between a terminated or withdrawing member and the credit union and, without restricting the generality of the foregoing, shall not affect the term for which any person has agreed to place deposits with the credit union.
- 2.19 Withdrawal from or termination of membership in a credit union does not release a person from any liability to the credit union.

ARTICLE 3 – CAPITALIZATION AND OPERATING STANDARDS

Classes of Shares

- 3.01 The common shares and surplus shares shall have an issue price as provided for in the Articles of Amalgamation.
- 3.02 No person shall hold more than ten (10) percent of the total number of issued shares of any class comprising the capital of the credit union.

Common Shares

- 3.03 Common shares shall have an issue price of five dollars (\$5.00) per share.
- 3.04 Common shares shall rank behind all other classes of shares issued by the credit union and holders of common shares shall not, upon the winding-up or liquidation of the credit union, be entitled to redeem, in whole or in part, any common shares until the amounts outstanding on all other classes of shares have been paid in full.
- 3.05 A member of the credit union shall purchase and hold only one (1) fully-paid common share.
- 3.06 Members under the age of eighteen (18) shall be required to purchase one (1) common share. Children participating in a school credit union program may be exempt from common share requirements.
- 3.07 Common shares shall be redeemed or purchased by the credit union at a price per share not to exceed the issue price. Such redemption or purchase is subject to compliance with the Act and to approval by the Board of Directors at such time as the member or associate is no longer eligible for membership or associate status in the credit union, or the member or associate withdraws from membership or associate status in the credit union, or the member or associate is terminated from membership or associate status by the Board of Directors, or the member or associate is deceased.

Surplus Shares

- 3.08 Surplus shares shall have an issue price of one dollar (\$1.00) per share.
- 3.09 The credit union may issue an unlimited number of surplus shares.

Redemption of Surplus Shares

- 3.10 Surplus shares shall be redeemed or purchased by the credit union at a price per share not to exceed the issue price. Such redemption or purchase is subject to compliance with the Act and to approval by the Board of Directors at such time as the member or associate is no longer eligible for membership or associate status in the credit union, or the member or associate withdraws from membership or associate status in the credit union, or the member or associate is terminated from membership or associate status by the Board of Directors, or the member or associate is deceased.

Share Certificates

- 3.11 The credit union will not issue share certificates for common or surplus shares.

Share Consideration

- 3.12 A share shall not be issued until the consideration for the share is fully paid in money.
- 3.13 The credit union shall not issue a share if the proposed consideration for such share consists, in whole or in part, of a promissory note or a promise to pay.

Share Redemption

- 3.14 The credit union shall not make any payment to purchase or redeem shares issued by it or repay any loan of patronage refunds, or common or surplus share dividends, if there are reasonable grounds for believing that:
- (a) the credit union is, or would thereby be, unable to pay its liabilities as they become due; or
 - (b) the realizable value of the credit union's assets is, or would be, less than the aggregate of:
 - (i) its liabilities; and
 - (ii) the amount that would be required to pay shareholders on a redemption, repayment or in a liquidation, assessed rateably with the total equity to be purchased, redeemed or repaid.

- 3.15 Subject to Article 3.14 of these by-laws, no shares issued by the credit union, or any loan of patronage refunds or share dividends, may be redeemed or paid out at a price or an amount exceeding the issue price or the amount lent to the credit union, as the case may be.

Liens on Deposits and Shares

- 3.16 Notwithstanding anything contained in the Act to the contrary, the credit union has a lien on the deposits and shares of a member or other person to whose credit the deposits and shares stand in the records of the credit union together with interest or dividends thereon for any indebtedness due or accruing due to it by the member or other person or for any obligation in respect of the indebtedness, and the deposits and shares may not be withdrawn or redeemed unless the credit union consents.
- 3.17 The credit union may apply the deposits and shares, and interest or dividends thereon on which it has a lien, to any indebtedness in default or to any obligation in respect of the indebtedness without notice to any person, and the exercise of the lien by application of the deposits, shares, interest, and dividends does not constitute a realization of a security interest within the meaning of any enactment.
- 3.18 For the purpose of Article 3.17 of these by-laws, an indebtedness is deemed to be in default where:
- (a) an amount of the principal or interest is not paid on the date upon which it becomes due and payable; or
 - (b) there has been a failure to observe or perform any obligation relating to the indebtedness.

Withdrawal

- 3.19 A member shall be entitled to the balance remaining in any deposit account maintained by the member at the credit union together with any accrued interest at any time during normal business hours of the credit union.
- 3.20 The credit union may, in its sole discretion, require up to ninety (90) days' notice in writing of a member's intention to withdraw deposits or to redeem any shares.
- 3.21 Article 3.20 of these by-laws does not apply in those circumstances where a member has placed deposits with the credit union for a stated term or in an account on which a bill of exchange payable on demand may be drawn.

Dividends

- 3.22 Subject to Article 3.23 of these by-laws, the credit union may declare and pay such dividends upon its outstanding common or surplus shares as may be established by a resolution of the directors.
- 3.23 The credit union shall not pay out a dividend on shares or pay out a patronage refund if there are reasonable grounds for believing that:
- (a) the credit union is, or would thereby be, unable to pay its liabilities as they become due;
 - (b) the realizable value of the credit union's assets is, or would thereby be, less than the aggregate of its liabilities and its equity other than retained surplus; or
 - (c) the equity of the credit union is, or would thereby be, less than the prescribed amount.

Patronage Refunds

- 3.24 After providing for all known liabilities, making allowance for impaired accounts and making such other provisions as are required by the Act and the Regulations, and after providing for payment of dividends, if any, on all classes of shares, the directors of the credit union may allocate, as a patronage refund among, and credit to, its members any surplus arising from the operations of the credit union in each fiscal year, and each member shall be entitled to a share thereof proportionate to the business done by that member with or through the credit union in that fiscal year as computed by the directors at a rate approved by the resolution of the directors.

Use of Patronage Refunds and Dividends

- 3.25 The credit union may deposit patronage refunds declared by the credit union to each eligible member's or associate's surplus share account where the proceeds shall be used to purchase surplus shares.

ARTICLE 4 – MEETINGS

Rules of Order

- 4.01 The rules of order for all meetings of members and the Board of Directors shall be based upon Robert's Rules of Order.

Place of Meetings

- 4.02 Meetings of the members of the credit union shall be held at a place within the Province of Nova Scotia that the directors may determine.

Fiscal Year End

- 4.03 The fiscal year end of the credit union shall be December 31st.

Calling Meetings

- 4.04 The directors of the credit union:
- (a) shall call an annual meeting of members which shall be held within four (4) months after the fiscal year end of the credit union to:
 - (i) consider the annual report of the directors, the financial statements and the auditor's report;
 - (ii) appoint the auditor;
 - (iii) elect directors; and
 - (iv) deal with such other matters as may properly come before the meeting; and
 - (b) may at any time call a special meeting of members.

Record Date

- 4.05 The record date for determining which members are entitled to receive notice of a meeting of members and vote at the meeting shall be at the close of business on the day immediately preceding the day on which the notice is given.

Notice of Meetings

- 4.06 Notice of the time and place of a meeting of members shall be given not less than fourteen (14) days nor more than thirty (30) days before the meeting to each member entitled to vote at the meeting, and to the auditor of the credit union.
- 4.07 Where a meeting of members is adjourned for less than seven (7) days, it is not necessary to give notice of the adjourned meeting other than by announcement at the earliest meeting that is adjourned.
- 4.08 Where a meeting of members is adjourned by one (1) or more adjournments for more than seven (7) days, notice of the adjourned meeting shall be given in the same way as for an original meeting.
- 4.09 All business transacted:
- (a) at a special meeting of members;
 - (b) at an annual meeting of members, except consideration of the annual report of the directors, the financial statements, the auditor's report, the election of directors, the re-appointment of the auditor and any other business authorized by these by-laws to be transacted at an annual meeting; or
 - (c) a referendum,
- is deemed to be special business.
- 4.10 The notice of a meeting of members at which special business is to be transacted shall include a statement of the nature of the business, in sufficient detail to permit the member receiving the notice to form a reasoned judgement thereon.
- 4.11 Copies of the information referred to Article 4.10 of these by-laws shall be made available at the registered office of the credit union at least ten (10) days before the meeting referred to in Article 4.10 of these by-laws.

Waiver of Notice

- 4.12 A member or any other person entitled to attend a meeting of members may in any manner waive notice of the meeting, and the attendance of the member or other person at the meeting is itself a waiver of notice of the meeting, except where that person attends for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not lawfully called.

Member Proposals

- 4.13 A member entitled to vote at a meeting of members may submit to the credit union notice of any matter that the member proposes to raise at the meeting, or discuss at the meeting any matter in respect of which the member would have been entitled to submit a proposal, subject to those conditions and methods described in s. 69 of the Act.

Quorum

- 4.14 A number of members equal to the number of directors plus five (5) constitute a quorum.
- 4.15 Where a quorum is present at the opening of a meeting of members, the members present may proceed with the business of the meeting, notwithstanding that a quorum is not present throughout the meeting.
- 4.16 Where a quorum is not present at the opening of a meeting of members, the members present may adjourn the meeting to a fixed time and place but may not transact any other business.
- 4.17 This section does not apply to associates.

Voting

- 4.18 A member of the credit union, eighteen (18) years of age or over, may vote at a meeting of members.
- 4.19 Subject to the provisions of sections 39(1) and 39(2) of the Act, a member of the credit union has only one (1) vote on any question that may be voted on at a meeting of the credit union, unless they are authorized under s.72(1) to vote on behalf of a body corporate or association, in which case they are entitled to vote on their own behalf as well as on behalf of the body corporate or association.
- 4.20 Where a body corporate or association is a member of the credit union, the credit union shall recognize an individual authorized by resolution of the directors or governing body of the body corporate or association to represent it at meetings of members of the credit union.

- 4.21 An individual authorized pursuant to Article 4.20 of these by-laws may exercise, on behalf of the body corporate or association referred to in that Article, all the powers the body corporate or association could exercise if it were an individual member.
- 4.22 Subject to Article 4.23 of these by-laws, where two (2) or more individuals jointly hold a membership in the credit union, that membership is entitled to one (1) vote only.
- 4.23 The individuals making up a joint membership are entitled to one (1) vote each where the joint membership meets the requirements of Article 3.05 of these by-laws with respect to each of the individuals making up the joint membership.
- 4.24 Every executor or administrator holding a membership or share in the credit union in the capacity of executor or administrator shall represent that membership or share at meetings of the credit union and may vote as a member or shareholder.
- 4.25 Voting at a meeting of members in relation to any issue before the members shall be in the form and manner established by the Board of Directors from time to time, and may include mail ballot, in-branch ballot, electronic voting, or other means. The form and manner of voting to be used at any meeting of members, or in relation to any issue before the members, shall be determined and approved by a majority of the Board of Directors pursuant to the Credit Union's Voting Policy.

Method of Voting

- 4.26 Voting at a meeting of members shall be by show of hands, either in person or electronically, except where a ballot is demanded by at least three (3) members entitled to vote at the meeting.
- 4.27 The members in 4.26 may demand a ballot either before or after any vote by show of hands or voice response, either in person or electronically, and the result of the ballot shall be the decision of the members.

Members Calling Meetings

- 4.28 The lesser of five (5) percent of the membership at the end of the last fiscal year and two hundred fifty (250) members, who have the right to vote at a meeting sought to be held, may, by written requisition, require the directors to call a special meeting of members for the purpose stated in the requisition.
- 4.29 The members referred to in Article 4.28 of these by-laws shall identify themselves by providing to the directors their names, addresses and signatures.

- 4.30 The requisition referred to in Article 4.28 of these by-laws shall include information with sufficient detail as to why the requisition is being made so that the directors and the members may form a reasonable judgement as to the intent of the requisition.
- 4.31 The requisition referred to in Article 4.28 of these by-laws may consist of several documents of like form, each signed by one (1) or more members, and shall state the business to be transacted at the meeting, and shall be sent to the registered office of the credit union.
- 4.32 Upon receiving the requisition referred to in Article 4.28 of these by-laws, the directors shall call a meeting of members to transact the business stated in the requisition, unless the business of the meeting as stated in the requisition includes a matter described in clauses 69(5)(b) to (e) of the Act.
- 4.33 Where the directors do not, within thirty (30) days after receiving the requisition referred to in Article 4.28 of these by-laws, call a meeting, any member who signed the requisition may call the meeting.
- 4.34 A meeting called pursuant to this section shall be called as nearly as possible in the manner in which meetings are to be called pursuant to the Act and these by-laws.
- 4.35 Unless the members otherwise resolve at a meeting called pursuant to Article 4.33 of these by-laws, the credit union shall reimburse the members for the expenses reasonably incurred by them in requisitioning, calling, and holding the meeting.

Meeting Called by Superintendent and Quorum

- 4.36 Where, for any reason, it is impracticable to call a meeting of members of the credit union in the manner in which meetings of members may be called, or to conduct the meeting in the manner prescribed by the Act and these by-laws, or if for any other reason the Superintendent thinks fit, the Superintendent may order a meeting to be called, and direct the manner of conducting the meeting and such meeting is for all purposes a meeting of members of the credit union duly called and conducted.
- 4.37 Without restricting the generality of Article 4.36 of these by-laws, the Superintendent may order that the quorum required by the Act or these by-laws be varied or dispensed with at a meeting called, held, and conducted pursuant to this section.

Enacting, Amending, or Repealing By-laws

- 4.38 The members of the credit union may, subject to the Act and the Articles of Amalgamation, at any annual meeting or general meeting called for the purpose, enact, amend, or repeal by-laws in respect of those matters authorized or required by any provision of the Act.
- 4.39 A by-law may be enacted, amended or repealed by the members of a credit union if:
- (a) approved by special resolution of the members; or
 - (b) written notice of the proposed enactment, amendment, or repeal is forwarded to each member of the credit union with the notice of the meeting at which the enactment, amendment, or repeal is to be considered, by a majority of the votes cast at the meeting.
- 4.40 A by-law, amendment, or repeal is effective upon the approval of the Superintendent or, in the event that the by-laws have been approved pursuant to Article 4.41 of these by-laws, upon enactment of the by-law by the credit union.
- 4.41 At the option of the credit union, a by-law and an amendment or repeal of a by-law may be submitted to the Superintendent for approval prior to the adoption thereof by the members of the credit union and:
- (a) the by-law must be adopted by the members of the credit union within thirty (30) days of receipt of the approval of the Superintendent; and
 - (b) a certified copy of the adopted by-law must be filed with the Superintendent within thirty (30) days of its adoption by the members of the credit union.
- 4.42 Where a credit union fails to comply with the requirements of Article 4.41 of these by-laws, the by-law, amendment, or repeal is void.

Referenda

- 4.43 In addition to annual and special meetings, the members may vote on resolutions concerning any matter of general concern to the members by means of referenda.
- 4.44 Referenda may be called in the same manner as special meetings.

- 4.45 Members shall be given no fewer than fourteen (14) days' notice of a referendum.
- 4.46 Notices of a referendum shall set out the referendum question as well as the date(s) and time(s) of polling.
- 4.47 The quorum for a valid referendum shall be two hundred and fifty (250) members or five (5) percent of the membership.
- 4.48 Every member has the right to cast a single vote during a referendum.
- 4.49 The threshold for passing a referendum shall be seventy-five (75) percent of votes.

ARTICLE 5 – BOARD OF DIRECTORS

Number of Directors

- 5.01 The Board of Directors shall consist of no more than twelve (12) and no less than ten (10) members.

Powers and Duties of Directors

- 5.02 The directors shall:
- (a) exercise the powers of the credit union directly, or indirectly through the employees and agents of the credit union;
 - (b) direct the management of the business and affairs of the credit union;
 - (c) authorize termination of membership and establish the form and manner in which all applications for membership or associate status are accepted. The Board of Directors may delegate to the Chief Executive Officer (CEO) the authority to approve applications for membership or associate status;
 - (d) establish the manner in which interest rates on loans, and deposits are determined;
 - (e) declare such dividends and patronage refunds as these by-laws may authorize;
 - (f) appoint a credit committee and an audit committee and any other committees it deems necessary and delegate appropriate levels of authority to these committees;
 - (g) approve a loan policy for the credit union;
 - (h) approve an investment policy and authorize investments on behalf of the credit union, approve all other policies deemed necessary for the effective operation of the credit union;
 - (i) ensure effective internal control processes are in place for the credit union;
 - (j) oversee the risk management program of the credit union;
 - (k) ensure the credit union maintains adequate insurance and bonding coverage;

- (l) authorize the write-off of uncollectible loans;
- (m) appoint signing authorities for the credit union;
- (n) elect officers of the credit union;
- (o) hire a Chief Executive Officer for the credit union;
- (p) appoint delegates and alternate delegates as required by Atlantic Central's By-laws and the policies of the credit union; and
- (q) perform such other duties as may be required by the Act, the Regulations, these by-laws to ensure the effective and efficient management of the credit union.

5.03 A director who relies in good faith upon:

- (a) financial statements of the credit union represented by an officer or the auditor of the credit union to reflect fairly the financial condition of the credit union; or
- (b) the report of a lawyer, accountant, engineer, appraiser or any other person whose profession lends credibility to any statement made by that person,

is not liable pursuant to s. 94 of the Act.

Eligibility

5.04 A citizen of Canada, or permanent resident of Canada, who is eighteen (18) years of age, a member of the credit union and satisfies the requirements set out in these by-laws except:

- (a) an undischarged bankrupt;
- (b) a current employee, or anyone who, in the past three (3) years has been, an employee of a member of the Central, the Central, the Nova Scotia Credit Union Deposit Insurance Corporation or a deposit insurer;
- (c) an auditor, or a partner of the auditor's firm, of any member of the Central;
- (d) a member who is in arrears for more than ninety (90) days under a debt obligation to a member of the Central;
- (e) the solicitor, or a partner of the solicitor's firm, of any member of the Central; or

- (f) a civil servant whose official duties are concerned with the affairs of credit unions,
 - (g) a person who is in breach of any policy of the credit union,
 - (h) a person who fails to attend three (3) consecutive Board meetings without cause satisfactory to the other members of the Board of Directors,
- may be a director of the credit union.

5.05 A non-individual shall not be a director of a credit union.

5.06 Within a period specified by the Central:

- (a) a person elected or appointed for the first time as a director of the credit union; or
- (b) where required by the Central, every director of the credit union who has not completed a director training program,

shall complete a credit union director training program determined by the Central.

Term

5.07 Each director named in the Articles of Amalgamation holds office from the issue of the certificate of amalgamation until the first meeting of members.

5.08 The members of a credit union shall, by ordinary resolution at the first meeting of the members and at each succeeding annual meeting of the members at which an election of directors is required, elect directors to hold office for a term of three (3) years.

5.09 Subject to Article 5.04 of these by-laws, a director is eligible for re-election but is not in any case eligible to serve as a director for more than twelve (12) consecutive years.

5.10 It is not necessary that all directors elected at a meeting of members hold office for the same term.

5.11 A director not elected for an expressly stated term ceases to hold office at the close of the first annual meeting of members following that director's election.

- 5.12 Notwithstanding anything contained in s. 83, if directors are not elected at a meeting of the members, the incumbent directors continue in office until their successors are elected.

Nominating Committee Composition

- 5.13 For the purpose of electing directors, this credit union shall appoint a nominating committee made up of three members of the governance committee, plus a former Board member. The nominating committee shall be appointed by the Board of Directors at least ninety (90) days prior to any membership meeting where elections are being held.

- 5.14 The nominating committee shall:

- (a) convene a meeting of its members at least seventy-five (75) days prior to any membership meeting where elections are being held;
- (b) appoint from within its members a chair of the nominating committee;
- (c) identify the number of positions for which elections are to be held;
- (d) select from the membership qualified candidates for nomination, and require any nominee selected to submit a nomination form in accordance with these by-laws and approved by the nominating committee;
- (e) the nominating committee shall make a best effort to recruit and encourage nominations from members who possess the necessary skill and experience valued by the Board of Directors or that will retain the geographic and community representation as reflected in the amalgamating Board of Directors;
- (f) prior to accepting a candidate for nomination, the nominating committee must determine to their own satisfaction that the person to be nominated:
 - (i) is qualified to be elected pursuant to the Act and these by-laws; and
 - (ii) has consented to the nomination;
- (g) present, by the chair or his/her designate, the report of the nominating committee to the Board of Directors, which report shall:
- (h) provide notification of all vacant positions for which elections are to be held; and

- (i) provide notification of all candidates being nominated by the nominating committee and the position they are being nominated for.

Extending Call for Nominations

5.15 A call for nominations to the position of director shall be posted in the office(s) of the credit union and communicated to members by any other means as determined by the Board of Directors.

- (a) A call for nominations shall include:
 - (i) a description of the position of director;
 - (ii) names and contact information for nominating committee members;
 - (iii) a nomination form, or information on how to obtain one, in an approved form to be signed by two (2) members in good standing, signed by the nominee declaring their eligibility to serve as a director in accordance with the Act and Article 5.04 of these by-laws;
 - (iv) the requirement that nomination forms are accompanied with a brief biography of the nominee; and
 - (v) the accepted methods for delivering the nomination form and deadline for submission.
- (b) A call for nominations shall be posted and open for acceptance for a minimum period of twenty-eight (28) days prior to the close of nominations. Nomination forms shall be submitted to, and received by the nominating committee no later than forty (40) days prior to the date of any members' meeting where elections are being held;
- (c) Credit union directors whose terms have expired and who wish to be re-elected will follow the same nomination procedures as above;
- (d) Following the close of nominations, the nominating committee shall confirm the number of eligible nominees. Where the number of nominees equals the number of vacancies available, or where there are insufficient nominees to fill the vacant positions of director, those duly nominated shall be declared elected by acclamation and term shall be determined by draw if there are different terms available;

- (e) Where the number of candidates nominated exceeds the number of positions to be elected, a list of nominees and their respective biographies shall be posted in the office(s) of the credit union, and communicated to members by any other means as determined by the Board of Directors from time to time;
- (f) Where vacancies still exist following the close of nominations, an additional call for nominations shall be made by the chair at the members' meeting. If this call results in sufficient nominations to exceed the vacant positions such that an election is required, the method of election shall be by one (1) ballot at the members' meeting and the nominee(s) receiving the highest number of votes shall be declared elected.

Voting for Eligible Directorial Candidates

5.16 For the purposes of conducting elections related to an annual or special meeting:

- (a) Voting at a meeting of members in relation to any issue before the members, shall be in the form and manner established by the Board of Directors from time to time, and may include mail ballot, in-branch ballot, electronic voting, or other means. The form and manner of voting to be used at any meeting of members, or in relation to any issue before the members, shall be determined and approved by a majority of the Board of Directors pursuant to the Credit Union's Voting Policy;
- (b) The nominating committee shall appoint a returning officer who shall oversee the balloting procedures, appoint poll captains from staff to assist in the advance polling in the office(s) and oversee the distribution, collection and tally of all ballots;
- (c) Where practical, poll captains appointed pursuant to this s. shall be individuals who are not eligible to vote; but in no instance, shall a person who is a candidate nominee be appointed;
- (d) The method of election shall be by one (1) secret ballot per voting member:
 - (i) method of election may provide for advance polling in the office(s) of the credit union in addition to voting at the members' meeting;
- (e) If advance polling in the office(s) is implemented, it shall be conducted for at least fifteen (15) business days, ending ten (10) business days prior to the date of the members' meeting where elections are being held;

- (f) At the members' meeting, the returning officer shall oversee the tally of the votes taken in the advance polling and at the members' meeting, and shall announce the results of the election. The nominees receiving the highest number of votes shall be declared elected;
- (g) Where a member votes for more than the number of positions to be elected on a ballot, the ballot is declared spoiled and is not to be counted;
- (h) Where a vacancy exists due to an unexpired term of a director, that position shall be filled for the remainder of the term vacated;
- (i) Where the nominees are to be elected for various terms with one (1) ballot, the nominee(s) receiving the highest number of votes shall be declared elected for the longest term(s);
- (j) For the purposes of declaring nominees as elected in the event of a tie:
 - (i) If the position(s) of Directors cannot be filled because two (2) or more nominees receive an equal number of votes, the meeting may, by resolution carried by a clear majority of those present, provide that a ballot at the members' meeting may be cast. Only those nominees so tied for the position(s) shall be entered on the ballot;
 - (ii) In the event a tie remains, the Returning Officer shall write the names of the nominees separately on blank sheets of paper of equal size and of the same colour and texture, and after folding them in a uniform manner so that the names are concealed, deposit them in a receptacle and direct some person to pick one (1) of the sheets. The nominee(s) whose name(s) appears on the sheet(s) picked will become the director(s).

Resignations, Removals, and Suspensions

- 5.17 A director of the credit union ceases to hold office when the director:
- (a) dies or resigns;
 - (b) is removed from office in accordance with Article 5.19 and 5.20 of these by-laws;
- or
- (c) becomes disqualified pursuant to Article 5.04 through 5.06 of these by-laws.

- 5.18 The resignation of a director becomes effective at the time a written resignation is received by the CEO of the credit union, or at the time specified in the resignation, whichever is later.
- 5.19 The Board of Directors may remove any director from office when it is in the best interest of the credit union to do so.
- 5.20 A vacancy created by the removal of a director from office may be filled pursuant to Articles 5.25 through 5.27 of the by-laws.
- 5.21 The Board of Directors may, by a vote of not less than seventy-five (75) percent, suspend another director if, in their opinion, a breach of policy by the suspended director does not justify immediate removal. The suspension may be lifted if the voting directors elect, by a similar majority, that the breach has been resolved.

Statement of a Director

- 5.22 A director who:
- (a) resigns;
 - (b) receives a notice or otherwise learns of an intended action to remove the director from office; or
 - (c) receives a notice or otherwise learns of an intended action to appoint or elect another person to fill the office of director in that person's stead, whether because of that person's resignation or removal or because that person's term of office has expired or is about to expire,
- is entitled to submit to the CEO of the credit union a written statement giving the reasons for the resignation or for opposing any action or resolution proposed for the purposes described in clauses (b) and (c).
- 5.23 The credit union shall forthwith send a copy of the statement referred to in Article 5.22 of these by-laws to every member and to the Superintendent.
- 5.24 No credit union or person acting on its behalf incurs any liability by reason only of circulating a statement in compliance with Article 5.22 of these by-laws.

Filling Vacancy

- 5.25 A quorum of directors may fill a vacancy among the directors, except a vacancy resulting from an increase in, or the members' failure to elect, the fixed or minimum number of directors. The term of the Director appointed to fill the vacancy shall expire as of the next scheduled membership meeting.
- 5.26 Where a meeting of the members fails, for any reason, to elect the fixed or minimum number of directors, the directors elected at that meeting may exercise all the powers of directors if the number of directors so elected constitutes a quorum.
- 5.27 Where there is a failure to elect the fixed or minimum number of directors at a meeting of members, the directors then in office shall forthwith call a meeting of members to fill the vacancy and, where they fail to call a meeting or there are no directors then in office, the meeting may be called by any member.

Notice of Change of Directors

- 5.28 Within fifteen (15) days after a change of directors occurs, the credit union shall send to the Superintendent a notice in the prescribed form setting out the change, and the Superintendent shall file the notice.
- 5.29 An interested person or the Superintendent may apply to the court for an order requiring the credit union to comply with Article 5.28 of these by-laws and, upon the application, the court may make the order and any further order it thinks fit.
- 5.30 A director named in the Articles of Amalgamation or in a notice sent by the credit union to the Superintendent pursuant to Article 5.28 of these by-laws and filed by the Superintendent is presumed for the purposes of the Act to be a director of the credit union.

Meetings of Directors

- 5.31 The directors of the credit union may meet at such place and upon such notice as the directors may determine.
- 5.32 Regular meetings of the Board of Directors shall be held at least six (6) times per year.

- 5.33 A majority of the directors constitutes a quorum at any meeting of directors and, notwithstanding any vacancy among the directors, a quorum of directors may exercise all the powers of the directors.
- 5.34 A notice of a meeting of directors need not specify any matter that is to be dealt with at the meeting except:
- (a) any question or matter requiring the approval of the members;
 - (b) the filling of a vacancy among the directors;
 - (c) the issuance or redemption of any securities of the credit union other than common shares; or
 - (d) the approval of any financial statements of a kind referred to in s. 105 of the Act.
- 5.35 A director may in any manner waive notice of a meeting of directors and attendance of a director at a meeting of directors is a waiver of notice of the meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not lawfully called.
- 5.36 Notice of an adjourned meeting of directors is not required to be given if the time and place of the adjourned meeting is announced at the original meeting.
- 5.37 Subject to these by-laws, a director may, where all the directors participating in the meeting consent, participate in a meeting of directors or of a committee of directors by means of telephone or other such communications facilities as permits all persons participating in the meeting to hear each other, and a director participating in the meeting by such means is deemed for the purposes of the Act to be present at that meeting.
- 5.38 The Board of Directors shall report to the annual meeting of members the number of board and committee meetings attended by each.

Resolution in Lieu of Meeting

- 5.39 A resolution in writing, signed by all the directors entitled to vote on that resolution at a meeting of directors or a committee of directors:
- (a) satisfies all requirements of the Act relating to meetings of directors or meetings of committees of directors or of a committee of directors, as the case may be;

- (b) is as valid as if it had been passed at a meeting of directors or of a committee of directors, as the case may be; and
- (c) is effective from the date specified in the resolution, which shall not be prior to the date on which the first director signed the resolution.

5.40 A copy of every resolution referred to in Article 5.39 of these by-laws shall be kept with the minutes of the proceedings of the directors or committee of directors, as the case may be.

Dissent

5.41 A director who is present at a meeting of directors is deemed to have consented to any resolution passed or action taken at the meeting, unless the director:

- (a) requests that the director's dissent be recorded in the minutes of the meeting;
- (b) sends a written dissent to the secretary of the meeting before the meeting is adjourned; or
- (c) sends a dissent by registered mail to the registered office of the credit union immediately after the meeting is adjourned.

5.42 A director who votes for or consents to a resolution is not entitled to dissent pursuant to Article 5.41 of these by-laws.

5.43 A director who was not present at a meeting at which a resolution was passed or action taken is deemed to have consented thereto unless, within seven (7) days after becoming aware of the resolution, the director:

- (a) causes the director's dissent to be placed with the minutes of the meeting; or
- (b) sends a dissent by registered mail to the registered office of the credit union.

Delegation to Committees

5.44 The directors of the credit union may appoint committees and may delegate to those committees any of the powers of the directors.

5.45 The members of a committee appointed by the directors shall be members of the credit union and the chair of the committee shall be a director of the credit union.

- 5.46 A committee appointed by the directors shall keep minutes of its proceedings and shall submit to the directors at each meeting of directors the minutes of the committee's proceedings during the period since the last meeting of the directors.
- 5.47 Notwithstanding Article 5.44 of these by-laws, a committee appointed by the directors has no authority to:
- (a) submit to the members any question or matter requiring approval of the members;
 - (b) fill a vacancy among the directors;
 - (c) hire or establish the terms of employment of the Chief Executive Officer of the credit union;
 - (d) issue or redeem shares, except in the manner and on the terms authorized by the directors; or
 - (e) approve any financial statements referred to in s. 105 of the Act.

Audit Committee and Credit Committee

- 5.48 The directors of a credit union shall establish, in accordance with the Regulations, an audit committee and a credit committee, which committees shall perform such duties and have such powers as may be provided for in the Regulations.
- 5.49 The Board of Directors shall appoint a credit committee consisting of not less than three (3) members of the credit union, none of whom is an employee, a member of the audit committee or the chair of the Board of Directors and at least one (1) of whom is a director. The Chair of the credit committee shall be a director.
- 5.50 The Board of Directors shall appoint an audit committee consisting of not less than three (3) members of the credit union, none of whom is an employee, a member of the credit committee or the chair of the Board of Directors and at least one (1) of whom is a director. The Chair of the audit committee shall be a director.

Remuneration of Directors, Officers and Committee Members

- 5.51 The directors, officers and Committee members of the credit union shall be paid such remuneration and shall be reimbursed for such reasonable expenses incurred in the performance of their duties as may be approved by the Board of Directors of the credit union so long as all reporting requirements are met as specified in the Act and in the policies of the credit union.

ARTICLE 6 – OFFICERS

Appointment and Duties

- 6.01 The officers of the credit union shall be the Chair, the Vice-Chair, the Secretary, and any other officers deemed necessary for the efficient operation of the credit union, which may include a second Vice-Chair or officer(s) at large.
- 6.02 The Board of Directors shall meet within fourteen (14) days following the annual or special meeting of members where their election took place and they shall from their number elect a Chair (in years where an election is required according to policy), Vice-Chair, Secretary and other officers as provided in Article 6.01.
- 6.03 The directors shall appoint a recording secretary who may or may not be a director and such other officers as the directors consider appropriate.
- 6.04 In the absence of the chair and the vice-chair, the directors present at a duly constituted meeting of the directors may appoint from among the directors a person to preside at the meeting.
- 6.05 Subject to the Articles of Amalgamation and these by-laws:
- (a) the directors may designate the officers of the credit union, elect or appoint as officers, persons of full capacity, specify their duties and delegate to them powers to manage the business and affairs of the credit union except powers to:
 - (i) submit to the members a question or matter requiring the approval of the members;
 - (ii) fill a vacancy among the directors;
 - (iii) issue or redeem securities, except in the manner and on the terms authorized by the directors; or
 - (iv) approve a financial statement of a kind referred to in s. 105 of the Act;
 - (b) the directors may elect or appoint committees and delegate powers, duties and responsibilities to them, except powers to do anything referred to in clause (a);
 - (c) a director may become an officer of the credit union and may become a member of a committee; and

- (d) two (2) or more offices of the credit union may be held by the same person.

ARTICLE 7 – DUTY OF CARE OF DIRECTORS AND OFFICERS

- 7.01 Every director and officer of the credit union, in exercising the powers and discharging the duties of a director or officer, shall:
- (a) act honestly and in good faith with the view to the best interest of the credit union;

and
 - (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.
- 7.02 Every director and officer of the credit union shall comply with the Act, the Regulations, and the Articles of Amalgamation and these by-laws.
- 7.03 No provision in a contract, the Articles of Amalgamation, the by-laws, or a resolution relieves a director or officer from the duty to act in accordance with the Act and the Regulations or relieves the director or officer from liability for a breach of the Act or the Regulations.
- 7.04 This section is in addition to and not a derogation of any other enactment or rule of law relating to the duty or liability of directors or officers of a credit union.

ARTICLE 8 – INDEMNIFICATION

- 8.01 Subject to s. 102 of the Act, the credit union may indemnify a director or officer of the credit union or a person who acts or acted at the credit union’s request as a director or officer.

ARTICLE 9 – CONFLICT OF INTEREST

Interest in “Material Contract”

- 9.01 A director or officer of the credit union who:
- (a) is a party to a material contract or proposed material contract with the credit union as defined in s. 96 of the Act; or
 - (b) has a material interest in a contract or proposed contract between a person and the credit union as defined in s. 96 of Act,

is deemed to have a conflict of interest with the credit union and shall disclose in writing to the credit union and request to have entered in the minutes of meetings of directors, the nature and extent of the interest and shall not participate in any vote conducted by the directors or of a committee of the credit union relating to the material contract or proposed material contract.

- 9.02 The onus is upon the director or officer and the credit union to demonstrate:
- (a) that the terms of any loan in which the director or officer has a material interest are no more favourable than those offered by the credit union in the ordinary course of business; and
 - (b) for the purpose of s. 96(1) of the Act, that it is reasonable that the services or property be obtained or supplied and such services or property are normally provided to the public in the ordinary course of business by the director or officer.

9.03 A director or officer shall make the disclosure required by Article 9.01 of these by-laws forthwith upon the director or officer becoming aware of the conflict of interest in the manner prescribed by the Regulations.

9.04 For the purpose of this s. 96, general notice to the directors by a director or officer, declaring that the director is a director or officer of or is to be regarded as having a material interest in any contract made with a person, is a sufficient declaration of interest in relation to any contract so made.

9.05 A contract or transaction in which a director or officer has a conflict of interest is neither void nor voidable by reason only of that conflict of interest or by reason only that a director with a conflict of interest is present at or is counted to determine the presence of a quorum of a meeting of directors or a committee of directors that authorized the contract or transaction, if the director or officer

disclosed the conflict of interest in accordance with this s. 96, did not participate in the vote to authorize such contract or transaction and the contract or transaction was approved by the directors or the members and it was reasonable and fair to the credit union at the time it was approved.

- 9.06 Where a director votes on a resolution in which the director has declared a conflict of interest, the contract or transaction that is the subject of the resolution will only be valid if it is approved by not less than two-thirds ($\frac{2}{3}$) of the votes cast by the members at a special meeting of the credit union.
- 9.07 Where a director or officer of the credit union fails to disclose a conflict of interest in accordance with this s. 96 or participates in a vote which is not subsequently ratified by the members, the court may, upon the application of the credit union or a member of the credit union, set aside the contract or transaction on such terms as it sees fit.
- 9.08 A director or officer of the credit union who, without reasonable cause, fails to disclose a conflict of interest in accordance with this s. 96 is guilty of an offence and liable on summary conviction to a fine not exceeding five thousand (5000) dollars and such director or officer, on conviction, shall cease to hold office and shall not be eligible for election as a director or for appointment as an officer of a credit union for a period of five (5) years after the date of the conviction.

ARTICLE 10 – AUDITOR

Filling Vacancy

- 10.01 The directors shall forthwith fill any vacancy in the office of auditor.
- 10.02 Where there is not a quorum of directors, the directors then in office shall, within twenty-one (21) days after a vacancy in the office of auditor occurs, call a special meeting of members to fill the vacancy and, if they fail to call a meeting or if there are no directors, the meeting may be called by any member.
- 10.03 An auditor appointed to fill a vacancy holds office for the unexpired term of the auditor's predecessor.

ARTICLE 11 – NOTICE

Notice

- 11.01 A notice or document required by the Act, or by these by-laws to be sent to a person entitled to receive notice from the credit union may be sent electronically to the person at the latest electronic mail address of the person as shown in the records of the credit union, by prepaid mail addressed to, or may be delivered personally to:
- (a) the person at the latest address of the person, as shown in the records of the credit union; and
 - (b) in the case of a director, at the latest address of the director, as shown in the records of the credit union, or in the last notice filed pursuant to s. 88 of the Act.

Deemed Receipt

- 11.02 A notice or document mailed in accordance with Article 11.01 of these by-laws is deemed to have been received by the person entitled to receive notice at the time it would be delivered in the ordinary course of mail, unless there are reasonable grounds for believing that the person did not receive the notice or document at that time or at all.
- 11.03 Where the credit union mails a notice or document to a person in accordance with Article 11.01 of these by-laws and the notice or document is returned on two (2) consecutive occasions because the person cannot be found, the credit union is not required to send any further notices or documents to the person until the credit union is informed, in writing, of that person's new address.
- 11.04 Where these by-laws provide for the giving of a notice to members pursuant to Article 11.01 of these by-laws by insertion of the notice in a newspaper or other publication, the notice is deemed to have been received by the members at the time the publication containing the notice is distributed in the ordinary course.
- 11.05 Where these by-laws provide for the giving of a notice to members pursuant to Article 11.01 of these by-laws by posting the notice in a specified place or places, the notice is deemed to have been received by the members at the time the notice is posted.

ARTICLE 12 – SEAL

- 12.01 An instrument or agreement executed on behalf of the credit union by a director, an officer or an agent of the credit union is not invalid merely because a corporate seal is not affixed thereto.