

Vancouver City Savings Credit Union

Rules

Last amended by membership May 5, 2016

Approved by Financial Institutions Commission on June 14, 2016

Vancity
Make Good Money.®

Definitions

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

1. “**Act**” means the Credit Union Incorporation Act of British Columbia and regulations made under such Act, as in force for the time being and as amended or replaced from time to time;
2. “**Acts**” means the Credit Union Incorporation Act, the Financial Institutions Act and the Company Act, all of British Columbia, and regulations made under such Acts, as in force for the time being and as amended or replaced from time to time;
3. “**Electronic Transactions Act**” means the Electronic Transactions Act of British Columbia and regulations made under such Act, as in force for the time being and as amended or replaced from time to time;
4. “**Board**” means the Board of Directors;
5. “**Board Committee**” means a committee of Directors appointed by the Board;
6. “**Chair**” means the chair of the Board;
7. “**Committee**” means the Nominations and Election Committee;
8. “**Director**” means a director of Vancity;
9. “**Dormant account**” means an account (i) in which there has been no member-initiated activity for 12 months, (ii) in respect of which, on three consecutive occasions, mail sent by Vancity to the last known address of the account holder has been returned, and (iii) in respect of which, the account holder has not informed Vancity in writing of the new address;
10. “**Dormant account member**” means a member who is the account holder of a dormant account;
11. “**Immediate family**” of a person means a person’s spouse (including same sex partner), and anyone living in the same household as the person;
12. “**Ordinary resolution**” means a resolution passed at a general meeting by a simple majority of votes cast by members who are entitled to vote at general meetings;
13. “**Special resolution**” means a resolution in respect of which notice has been given as required under the Act and under Rule 7.4 and that is passed by a majority of not less than two thirds of the votes cast by members who are entitled to vote and who do so by the methods specified by the Act and under these Rules;
14. “**Superintendent**” means the Superintendent of Financial Institutions; and
15. “**Vancity**” means Vancouver City Savings Credit Union.

The meaning of any words or phrases defined in the Credit Union Incorporation Act, the Financial Institutions Act and, to the extent that it relates to Vancity, the Company Act will, if not inconsistent with the subject or context, have the same meaning in these Rules.

1. Membership

- 1.1 For the purposes of these Rules, a member in good standing is a member who as of the relevant date:
 - (a) holds the number of Class B Membership Shares required under these Rules,
 - (b) is not more than 90 days delinquent in any obligation to Vancity;
 - (c) is otherwise in compliance with these Rules and the Acts; and
 - (d) has not withdrawn from membership or whose membership is subject to being or has been terminated.
- 1.2 Every application for membership must be in such form as may be prescribed from time to time by Vancity and accompanied by payment in full of the purchase price of the number of Class B Membership Shares required under these Rules.
- 1.3 As a condition of admission as a member (or a junior member), a person is required to subscribe and pay for at least five Class B Membership Shares.
- 1.4 At the discretion of the Board, members may be permitted to purchase and hold Class B Membership Shares in excess of five as required in Rule 1.3 but not in excess of 1,000.
- 1.5 Where Class B Membership Shares are jointly held by two or more persons, Vancity may at any time and from time to time, upon giving advance notice to the holders of the date and terms thereof, redeem all or any such Class B Membership Shares and apply the proceeds thereof towards the subscription for Class B Membership Shares for and on behalf of all of the persons named as joint holders.
- 1.6 If a member has not subscribed or fully paid for the required number of Class B Membership Shares, Vancity may, subject to the Act, apply any money on deposit, patronage dividend or bonus, interest or other amounts owing by Vancity to that person toward the subscription and payment for such Class B Membership Shares to the extent required, so that the member will thereupon have subscribed and fully paid for the number of Class B Membership Shares or such other class of shares required under these Rules.
- 1.7 The Board may terminate the membership of a person if they
 - (a) do not hold the minimum required shares,
 - (b) withdraw from membership or,
 - (c) are otherwise terminated in accordance with the Act and these Rules.
- 1.8 The Board may from time to time make patronage allocations to members in the form of a patronage dividend, bonus, or other payment in respect to members borrowings from, deposits with, or goods and services provided to members, which may be paid at such time or times, in cash, property or the issuance of fully paid shares or other securities of any class or any combination thereof as the Board may determine.

2. Shares and Deposits

- 2.1 The shares of Vancity will be divided into 26 classes of shares designated as Class A Savings Shares, Class B Membership Shares, Class C to Class F Investment Shares and Class G to Class Z Partner Equity Shares, each class of shares having the rights and restrictions set out in these Rules.
- 2.2 The Board may from time to time issue, allot, sell, or grant options to purchase, or otherwise dispose of the whole or any part of Vancity's authorized and unissued shares of any class at such time, to such persons and for such consideration or on such terms and conditions as the Board may in their absolute discretion determine, including issuance at a discount or payment of a commission, provided that no share shall be issued until it is fully paid as provided for in the Act.
- 2.3 Subject to the rights and restrictions attached to any class of shares, Vancity may purchase, redeem, or otherwise acquire any of its shares, for such price or other consideration, on such terms and conditions approved by the Board.
- 2.4 Shares may only be transferred with Board approval and upon written notice from the holder satisfying such other conditions as the Board may require to effect the transfer.
- 2.5 Subject to any rights or restrictions with respect to dividends attached to any particular class of shares, the Board may from time to time pay holders a dividend on those shares allocated out of profit, capital, or otherwise, which dividend may be paid at such time or times in cash, property, or by the issuance of fully paid shares or other securities of any class or combination thereof as the Board may determine.
- 2.6 Fractional shares will not be allotted or issued.
- 2.7 If as a result of any consolidation or reclassification of the shares, payment of any dividend or patronage allocation through the issuance of shares, subscription for shares under section 1.5, or otherwise, a person is or may be entitled to a fraction of a share, the member's shareholdings entitlement shall be rounded down to the nearest whole number of shares or otherwise dealt with in such a manner as the Board considers equitable.
- 2.8 The Board may from time to time prescribe such forms or procedures by which a person may withdraw moneys on deposit or request redemption of shares or exercise any other rights attached to shares of any class.
- 2.9 The following rights and restrictions are attached to Class A Savings Shares:
 - (a) Class A Savings Shares are non-equity shares of Vancity and evidence indebtedness of Vancity;
 - (b) moneys invested in Class A Savings Shares and dividends on Class A Savings Shares are guaranteed by the fund administered by the Credit Union Deposit Insurance Corporation;
 - (c) subject to the provisions of the Act, the Board may in its absolute discretion declare and pay dividends on Class A Savings Shares in amounts and at times as it may determine;
 - (d) subject to the Act, Vancity will redeem all or any portion of Class A Savings Shares held by a member (but not so as to result in a member holding fractional Class A Savings Shares) upon the happening of any of the following events:

- i. the death of the member;
- ii. the member withdrawing from membership; or
- iii. the termination by Vancity of the membership of the member;

- (e) Class A Savings Shares have a par value of \$1.00 each;
- (f) in the event of winding-up of Vancity, the holders of Class A Savings Shares will be entitled to receive in respect of such shares such amount as determined under the Act; and
- (g) the holder of any Class A Savings Shares will not be a member or auxiliary member of Vancity for the purposes of voting as contemplated under the Act.

2.10 The following rights and restrictions are attached to Class B Membership Shares:

- (a) Class B Membership Shares are equity shares of Vancity;
- (b) moneys invested in Class B Membership Shares and dividends on Class B Membership Shares are not guaranteed by the fund administered by the Credit Union Deposit Insurance Corporation;
- (c) Dividends on Class B Membership Shares are non-cumulative;
- (d) subject to the Act and these Rules, Vancity will redeem all or such portion of the Class B Membership Shares held by a member upon the happening of any of the following events:
 - i. the death of the member;
 - ii. the member withdrawing from membership;
 - iii. the termination by Vancity of the membership of the member;
 - iv. at such time and in the manner set out in Section 1.5; or
 - v. subject to such terms, conditions, or limitations as the Board may prescribe from time to time, upon written request of the member, so long as the member will upon such redemption continue to hold the minimum number of Class B Membership Shares required for membership.
- (e) Vancity is not required under any circumstances to redeem, repurchase, or otherwise acquire in any one calendar year more than 10% of the total number of Class B Membership Shares issued and outstanding but this 10% limit will not apply to redemptions under (d) i. or iii.
- (f) Class B Membership Shares will be issued at, and have a par value of, \$1.00 each;
- (g) Class B Membership Shares which are redeemed or purchased by Vancity, or which are transferred, will be redeemed, purchased or transferred at par value, plus any dividends declared but unpaid on such shares; and
- (h) in the event of winding-up of Vancity, each holder of Class B Membership Shares, together with the holders of any class of investment shares created by Vancity (unless the rights and restrictions attached to any such class of shares provide otherwise), will be entitled to receive with respect to the shares held by the holder their pro rata share of any surplus or assets remaining to be distributed after payment of all amounts required to be paid under the Act.

2.11 The following rights and restrictions are attached to Class C, D, E and F Investment Shares:

- (a) Class C, D, E and F Investment Shares are equity shares of Vancity;

- (b) moneys invested in Class C, D, E and F Investment Shares and dividends on Class C, D, E and F Investment Shares are not guaranteed by the fund administered by the Credit Union Deposit Insurance Corporation;
- (c) subject to the provisions of the Act, the Board may in its absolute discretion declare and pay dividends on Class C, D, E or F Investment Shares, in amounts and at times as it may determine;
- (d) in the event of winding-up of Vancity, each holder of Class C, D, E and F Investment Shares, together with the holders of Class B Membership Shares and any class of investment shares from time to time created by Vancity (unless the rights and restrictions attached to any such class of shares provide otherwise), will be entitled to receive with respect to the shares held by the holder their pro rata share of any surplus or assets remaining to be distributed after payment of all amounts required to be paid under the Act; and
- (e) Class C, D, E and F Investment Shares have the additional rights and restrictions set out in Rule 2.5 to Rule 2.8, as applicable.

2.12 The following rights and restrictions are also attached to Class C Investment Shares:

- (a) subject to the Act, upon written request of the member, Vancity will redeem all or any portion of Class C Investment Shares held by a member (but not so as to result in a member holding fractional equity shares) provided that the Board may limit the amount of Class C Investment Shares redeemed in any one calendar year to 10% of the total amount of Class C Investment Shares issued and outstanding;
- (b) Class C Investment Shares will be issued at, and have a par value of, \$1.00 each; and
- (c) Class C Investment Shares which are redeemed or purchased by Vancity, or which are transferred, will be redeemed, purchased or transferred at par value, plus any dividends declared but unpaid on such shares.

2.13 The following rights and restrictions are also attached to Class D Investment Shares:

- (a) subject to the Act, Vancity will redeem all or any portion of Class D Investment Shares held by a member (but not so as to result in a member holding fractional equity shares) upon the happening of any of the following events:
 - i. the death of the member;
 - ii. the member withdrawing from membership; or
 - iii. the termination by Vancity of the membership of the member;
- (b) Class D Investment Shares will be without par value and will be issued at such price or prices as determined by the Board at the time of issue; and
- (c) Class D Investment Shares which are redeemed or purchased by Vancity, or which are transferred, will be redeemed, purchased, or transferred at the amount paid up on such shares, plus any dividends declared but unpaid on such shares.

2.14 The following rights and restrictions are also attached to Class E Investment Shares:

- (a) subject to the Act, upon written request of the member, Vancity will redeem all or any portion of Class E Investment Shares held by a member (but not so as to result in a member holding fractional equity shares) provided that the Board may limit the amount of Class E Investment Shares redeemed in any one calendar year to 10% of the total amount of Class E Investment Shares issued and outstanding;
- (b) Class E Investment Shares will be without par value and will be issued at such price or prices as determined by the Board at the time of issue; and
- (c) Class E Investment Shares which are redeemed or purchased by Vancity, or which are transferred, will be redeemed, purchased or transferred at the amount paid up on such shares, plus any dividends declared but unpaid on such shares.

2.15 The following rights and restrictions are also attached to Class F Investment Shares:

- (a) subject to the Act, upon written request of the member, Vancity will redeem all or any portion of Class F Investment Shares held by a member (but not so as to result in a member holding fractional equity shares) provided that the Board may limit the amount of Class F Investment Shares redeemed in any one calendar year to 10% of the total amount of Class F Investment Shares issued and outstanding;
- (b) Class F Investment Shares will be without par value and will be issued at such price or prices as determined by the Board at the time of issue; and
- (c) Class F Investment Shares which are redeemed or purchased by Vancity, or which are transferred, will be redeemed, purchased or transferred at the amount paid up on such shares, plus any dividends declared but unpaid on such shares.

2.16 The rights and restrictions attached to Class G to Class Z Partner Equity Shares are set out in Rule 8.3.

2.17 A statutory declaration of a Director or officer of Vancity that a lien of Vancity has been exercised or a share forfeited and stating the date of the exercise or forfeiture will be conclusive evidence of the fact stated in the statutory declaration.

2.18 Interest on deposits and dividends on shares, in the absence of an express contract or agreement, will be paid or credited at times, intervals and in a manner determined by the Board.

3. Directors

3.1 Composition of the Board

3.1.01 Except as provided in Rule 3.1.02 and where a Director is unable to complete their term, the number of Directors of Vancity will be nine.

3.1.02 If Vancity acquires all the assets of another credit union (the "transferring credit union"), then the members of the transferring credit union will become members of Vancity pursuant to the Act. To ensure continuity and knowledge of the affairs of the transferring credit union, the Board may at the time of acquiring the assets of the transferring credit union or within a reasonable period after such time, by Board resolution, authorize the appointment to the Board of one or more additional Directors from the existing board of the transferring credit union for a limited time period stipulated in the Board resolution, after which time such a person will cease to be a Director. Any Director

appointed to the Board under this Rule will be added for a term not to exceed three years and the number of additional Directors appointed to the Board under this Rule serving concurrently will not exceed six. Any person to be appointed to the Board as a Director under this Rule must be eligible to be a Director under these Rules and the Acts.

3.1.03 Whenever these Rules refer to qualifications for election, such qualifications will also apply to appointment under Rule 3.1.02.

3.2 Election and Appointment of Directors

3.2.01 Each year Directors will be elected to replace those retiring or to fill any vacancies on the Board. A retiring Director is eligible for re-election unless the person has served four consecutive terms.

3.2.02 With the exception of voting for Directors for Partner Boards under Rule 8.9, elections of Directors will occur by voting by mail ballot and voting by ballot at a branch office, whichever method the member chooses, and may occur by electronic means if the Board determines to permit voting by electronic means and such means are made available.

3.2.03 Except where an election is held to fill the unexpired portion of a term under Rule 3.2.07, Directors will be elected to hold office for a term of three years, provided that one third of the Directors retire each year.

3.2.04 Retiring Directors cease to hold office and newly elected Directors take office at the close of each annual general meeting.

3.2.05 In order to be eligible to stand for election as a Director, a person must, for at least one year prior to January 1st of the year in which the election will be held:

(a) have been a member in good standing;

(b) have been the joint owner of shares of Vancity; or

(c) have been a member of another credit union all of the shares or assets of which have been purchased by Vancity, or which has amalgamated with Vancity.

3.2.06 A person who falls within any of the following categories is not eligible to stand for election as a Director and if holding the office of Director will immediately vacate such office:

(a) a person who is or becomes an employee, director, officer or agent of (i) an organization in a competitive business to Vancity including a bank, trust company, loan company, savings and loan association, deposit taking institution, lending institution, mortgage broker, insurance company, insurance agency or another firm, association, syndicate, company, corporation or other business enterprise engaged in or concerned with or interested in, any business or any part of the business from time to time carried on by Vancity or (ii) another credit union (other than a director of a central credit union) or their wholly-owned subsidiaries; except where that person has been requested or authorized in writing by Vancity to serve as a director, officer or agent;

(b) a person who is, or was at any time during the two year period prior to the date for close of nominations determined in accordance with Rule 3.5.10 (a), an employee of Vancity or any of its subsidiaries or affiliates;

(c) a person who is a member of the immediate family of any person referred to in Rule 3.2.06(a) or (b);

- (d) a person who has received from Vancity 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 Vancity or any of its subsidiaries, payments for services of more than \$20,000 during the one year period prior to the date for the close of nominations determined in accordance with Rule 3.5.10, other than payments received as remuneration for the person acting in the capacity of Director of Vancity;
- (e) a person disqualified from becoming or acting as a Director pursuant to the Acts;
- (f) a person who is a member of the immediate family of a person who is a candidate or is an incumbent Director who would be on the Board at the same time as that person if that person was elected;
- (g) a director of a Partner Board; or
- (h) a person disqualified the previous year under Rule 3.5.05.

3.2.07 Under the Act and subject to the provisions of these Rules regarding qualification as a Director, a member may be elected or appointed by the Board to fill a casual vacancy on the Board to hold office until the next election of Directors.

3.3 **Nominee Declaration**

3.3.01 Every nominee for election or appointment as a Director will file with the Committee, in the case of election, or with the Board, in the case of appointment, in forms prescribed by the Board a written declaration stating that they:

- (a) are willing to stand for election;
- (b) will comply with the provisions of the Acts;
- (c) will comply with the conflict of interest policy and the code of conduct, as adopted by the Board; and
- (d) will comply with these Rules and the procedures relating to the election process and conduct of the election process.

3.4 **Removal of Directors**

3.4.01 A person may be removed as a Director by Board resolution passed by not less than two thirds of the remaining Directors if that Director:

- (a) has failed without being excused for reasonable circumstances to attend three consecutive monthly meetings of the Board per fiscal year;
- (b) has breached the Standards of Business Conduct Policy and Ethical Behaviour for Directors; or
- (c) has breached the confidentiality of any proceedings, deliberations, or information of the Board;

as determined by the remaining Directors in accordance with the policies and procedures relating to Director review established by the Conduct Review Committee. At least seven 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 Board voting on the Board resolution for the Director's removal.

3.5 Election Process

- 3.5.01 If at least two thirds of the Directors resolve that a member's nomination information is in any material respect false, incomplete or misleading, or that the candidacy is frivolous, vexatious or for the purpose of harming Vancity, the Board may reject the member as a candidate for Director.
- 3.5.02 The name of a member will not be placed in nomination as a candidate for election as a Director if that member or that member's delegate has not attended at least one of the information sessions held for candidates, unless the requirement to attend an information session has been waived by the Committee. Before the name of a member is placed in nomination as a candidate for election as a Director, that member must attend an interview with the Committee, at the time and place specified by the Committee, unless the requirement to attend such interview has been waived by the Committee.
- 3.5.03 At the time of nomination, every nominee will make a statement of all known conflicts of interest between the nominee and Vancity in a form as prescribed by the Committee.
- 3.5.04 If, in the opinion of the Committee, a candidate or a person representing the candidate, campaigns in any method or manner in contravention of the Election Guidelines as established by the Committee each year, the Committee will contact the candidate requesting that they comply with the Election Guidelines. If the candidate fails to comply immediately with the request made by the Committee, the matter will be referred to the Board to consider disqualification of the candidate. At least three days prior to the meeting at which the disqualification of a candidate is to be considered, the Corporate Secretary will provide such candidate with notice of the meeting and the grounds for considering the candidate's disqualification. The candidate may appear and make submissions at the meeting prior to the Board making its decision. If the Board determines that the candidate has violated the Election Guidelines in conducting their campaign, the candidate will be disqualified from the Director election and be deemed ineligible to serve as a Director. Within 24 hours of the disqualification of such candidate by the Board, the Board will give written notice of such disqualification to the candidate and the notice will specify the reason or reasons for disqualification. If a candidate has been disqualified, no vote cast in favour of that candidate will be counted in the tally of ballots, but the ballots will not otherwise be deemed to be void. The decision of the Board will be final, conclusive and binding on the candidate.
- 3.5.05 If, within 90 days of the announcement of the results of the election, it is made known to the Committee or the Board that a person who was a candidate (a "prior candidate") or a person representing the prior candidate had campaigned during the most recent election period in any method or manner that may have contravened the Election Guidelines, the Committee will review the matter with the prior candidate and the Committee will refer the matter to the Board for consideration.
- (a) In the case of a prior candidate that was elected as a Director in the most recent election, if at least two thirds of the Directors (excluding the prior candidate) resolve that there was a clear and material breach of the Election Guidelines by the prior candidate in conducting their campaign, the prior candidate will be dismissed from the Board and will be disqualified to stand for election in the following year.
- (b) In the case of a prior candidate that was not elected in the most recent election, if at least two thirds of the Directors resolve that there was a clear and material breach of the Election Guidelines by the prior candidate in conducting their campaign, the prior candidate will be disqualified to stand for election in the following year.

At least three days prior to the meeting at which the dismissal and/or disqualification of a prior candidate is to be considered, the Corporate Secretary will provide such prior candidate with notice of the meeting and grounds for considering the prior candidate's dismissal and/or disqualification. The prior candidate may appear and make submissions at the meeting prior to the Board dealing with the Board resolution for dismissal and/or disqualification. The decision of the Board will be final, conclusive and binding on the prior candidate.

- 3.5.06 No member, unless they are a member of the Committee, may nominate more than three candidates in respect of an election of Directors.
- 3.5.07 Subject to Rules 3.5.08 and 3.5.09, where any offices of Directors being filled at any election are for different lengths of terms, the term of each person will be determined in proportion to the number of votes received, the person receiving the greatest number of votes to hold office for the longest term.
- 3.5.08 If there is an election by acclamation the respective terms of the persons so elected will be decided by lot by the Committee.
- 3.5.09 In any election if there are two or more persons having an equal number of votes, the successful nominees or the lengths of terms of office, as the case may be, will be decided by lot by the Committee.
- 3.5.10 By October 31 of the year prior to each annual general meeting, the Board will appoint a Committee of not less than three persons who are members of Vancity and may, but need not be, Directors not standing for office in the election. The Committee will be charged with the conduct of the election of Directors and will be responsible for:
- (a) by December 31, notifying members of Vancity except as provided in Rule 3.5.11 that an election of Directors is to take place, specifying the number of positions to be filled, inviting the names of nominees to be submitted to it prior to the close of nominations, and stating the date for the close of nominations which will be not less than thirty days from the date of the notice; and
 - (b) receiving and placing into nomination the names of qualified candidates nominated in writing by at least three members in good standing of Vancity.
- 3.5.11 Vancity will not mail notification of the call for nomination or election notification to dormant account members but will attempt to notify such members through other means as determined by the Board and permitted by the Act.
- 3.5.12 Where call for nomination or notice of a Board election is received generally by members of Vancity, the omission to give notice to any member or the non-receipt of the notice by any member will not invalidate the election.
- 3.5.13 If the number of qualified persons nominated for the election to be held is less than the number of positions to be filled, the persons so nominated will be declared elected or appointed. The Board will appoint members to the remaining position(s) and advise the members at the annual general meeting of such appointment(s).
- 3.5.14 If the number of qualified persons nominated for the election is equal to the number of positions to be filled, those persons will be declared elected by acclamation.
- 3.5.15 If the number of qualified persons nominated for the election exceeds the number of offices to be filled, the provisions of Rules 3.5.16 to 3.5.25 will apply.
- 3.5.16 Within 60 days of the close of the close of nominations, the Committee will provide to members:

- (a) notice of the means by which voting will take place which may include mail ballot and in-branch ballot or electronic means, as determined under Rule 3.2.02;
- (b) when voting is to take place by ballot at branches of Vancity, notice of the times at which ballot boxes will be available in the branches, which times will be on at least five business days of Vancity and which days and times may be different for each polling place;
- (c) a statement which may include a resume and policy statement not exceeding 500 words by each candidate listed in an order chosen by lot by the Committee; and
- (d) clear and precise instructions for casting a ballot.

The Committee may provide these items by mail, by electronic means in accordance with the Electronic Transactions Act, or by other means as permitted under the Act, including advertisement.

3.5.17 As determined by the Board, the Committee will provide to each eligible member who holds an account which is not a dormant account:

- (a) a ballot listing the names of all nominees in the same order chosen by lot under Rule 3.5.16;
- (b) when voting by physical means, one or more envelopes, which may be included as part of the ballot and bearing the address of Vancity or the election official, which envelope will allow for verification of the voting member, and provide for confidentiality of voting; and
- (c) clear and precise instructions for casting the ballot and the return of the ballot, whether by mail, by deposit at a branch of Vancity, or by electronic means, and which will specify the day by which the ballot must be received by Vancity or the election official in order for the ballot to be considered returned and to be properly cast.

The Committee may provide these items by mail, by electronic means in accordance with the Electronic Transactions Act, or by other means as permitted under the Act, including advertisement.

3.5.18 On a date, as determined by the Board, after January 1 but prior to February 1 of the election year, the membership list of Vancity will, for the purpose of the election, be closed and only those members in good standing as of the close of business of Vancity on such date will be eligible to cast ballots in the election.

3.5.19 Every member desiring to cast a ballot in the election may be asked to provide proof of membership and may be asked to provide a declaration, in the form presented by the Committee, declaring the member has not previously cast a ballot in the election then in progress.

3.5.20 No ballot, whether a mail ballot, a ballot provided at a polling place, or a ballot provided by electronic means will be counted in the election unless actually received by Vancity or the election official before the close of business of Vancity on the last day of the election as stated in the Election Bulletin.

3.5.21 A member who is not an individual may be represented by an individual who, by written authorization deposited with Vancity, is authorized to vote on behalf of the member. Such individual member, if a member in their own right, may vote on their own behalf as well as for the member which they represent.

3.5.22 No member may vote by proxy.

3.5.23 A ballot may contain votes for a number of persons that is less than the number of persons to be elected.

- 3.5.24 The Committee will arrange for receipt of all ballots returned in the manner provided and will, after the close of balloting, tally all ballots received by any method or combination of methods as determined by the Board, in a manner to provide for the confidentiality of balloting.
- 3.5.25 The results of the election will be announced at the general meeting after which the balloting takes place and may be released by Vancity after approval by the Committee of the election results.
- 3.5.26 A notice of election or appointment of a person elected or appointed as a Director will be filed with the Superintendent within 14 days of the election or appointment, to be effective the date of filing of the notice.
- 3.5.27 The Board will meet within 30 days or such longer time as the Superintendent may allow after each annual general meeting and will elect from their own members a Chair and Vice-Chair and may appoint such additional Board officers as they deem necessary.

3.6 Board Meetings

- 3.6.01 The Board will meet at least 10 times in each year and not less frequently than once in each quarter.
- 3.6.02 The Chair may call a meeting of the Board at any time and will within 14 days of receipt of written request of three Directors call a meeting of the Board.
- 3.6.03 At least one day's notice will be given of meetings of the Board by personal delivery, mail, e-mail, fax or telephone but notice may be waived by a Director who does not receive notice.
- 3.6.04 A majority of the Directors will constitute a quorum but a lesser number may adjourn from time to time until a quorum is obtained.
- 3.6.05 The Board will appoint or authorize the appointment of such employees as may be required for the proper operation of Vancity.
- 3.6.06 The Chair will preside at each meeting of the Board and at each general meeting of Vancity. If the Chair is unavailable, the Vice-Chair will assume the duties of the Chair.
- 3.6.07 If the Chair is either absent or unable, for any cause, to act, or if the office of Chair becomes vacant the Vice-Chair will discharge the duties of the Chair until the Board meets, within 30 days of such vacancy, to elect the new Chair and/or Vice-Chair.
- 3.6.08 A meeting of Directors or of a Board Committee may be held in person or by:
- (a) telephone, or
 - (b) using other communications facilities, or mediums that permit all participants in the meeting to hear each other, and a Director who participates in the meeting by those means will be counted as present at that meeting.
- 3.6.09 A Board resolution or Board Committee resolution may be passed without a meeting if all the Directors or the members of the Board Committee, as the case may be, consent to the Board resolution or Board Committee resolution in writing.
- 3.6.10 The Board will establish Board Committees including but not limited to Audit, Conduct Review and Financial Policy which is equivalent to Investment and Loan under the Financial Institutions Act.
- 3.6.11 Vancity will indemnify, in accordance with the Financial Institutions Act, each member who acts or has acted, at the request of Vancity, as a Director and who acted honestly and in good faith with a view to the best interests of Vancity.

4. General Meetings

- 4.1 The annual general meeting of Vancity will be held on a date to be fixed by the Board and will be convened and held in accordance with the provisions of the Act.
- 4.2 Vancity will not mail notification of a meeting to dormant account members but will attempt to notify such members through other means as determined by the Board and permitted by the Act.
- 4.3 Where notice of a meeting of Vancity is received generally by members of Vancity, the omission to give notice to any member or the non-receipt of the notice by any member will not invalidate any ordinary resolution passed or any proceedings taken at the meeting.
- 4.4 Other general meetings may be convened by the Board and held in accordance with the provisions of the Act. Any meeting of holders of any class of shares may be convened by the Board and the provisions of these Rules with respect to general meetings will be applicable to such meetings of holders of any class of shares, except as specifically provided in these Rules.
- 4.5 For the purposes of order for the conduct of the annual general meeting the rules contained in the current edition of Robert's Rules of Order Newly Revised, the standing rules and the following additional rules shall govern the meeting:
 - (a) Maximum time a member may address or speak to any one issue is three minutes, subject to the discretion of the Chair;
 - (b) Issues that are personal and specific to the member may be ruled out of order by the Chair;
 - (c) At the discretion of the Chair, all questions may be limited to those submitted in writing; and
 - (d) The Board, management and staff of Vancity have the same rights as members with respect to annual general meetings (i.e. address the meetings, make a motion, etc.)
- 4.6 At a general meeting of Vancity one-quarter of the members or 100 members, whichever is the lesser, will constitute a quorum, but a lesser number may adjourn from time to time until a quorum is obtained. Except as provided in Rule 8.18 (e), at any meeting of holders of any class of shares other than a general meeting of members, the quorum for such meeting will be such person or persons holding not less than 20% of the aggregate amount paid up on such class of shares.
- 4.7 So far as practical the order of business at the annual general meeting will be:
 - A. Receipt of Minutes of prior year's annual general meeting
 - B. Report of the Board including items referred from the prior year's annual general meeting
 - C. Chief Executive Officer's Report
 - D. Acceptance of the Auditor's Report
 - E. Acceptance of Financial Statements
 - F. Appointment of Auditor
 - G. Elections
 - H. Unfinished business
 - I. New Business
 - J. Open Forum
 - K. Adjournment
- 4.8 At a meeting of members, unless a count of votes is called for, a declaration by the chair of the meeting that an ordinary resolution has been carried by the required majority will be conclusive evidence of the fact.

- 4.9 The only persons entitled to be present at an annual general meeting will be those entitled to vote, the Directors and auditors of Vancity and others who, although not entitled to vote are entitled or required under any provision of the Acts or these Rules to be present at the meeting. Any other person may be admitted only on the invitation of the Board or with the consent of the meeting.
- 4.10 At all general meetings each person to be admitted must, on request, present evidence of identity and membership in good standing.
- 4.11 In order for an ordinary resolution to be eligible for consideration by members at an annual general meeting, it must be submitted to the Board for review and consideration at least 90 days prior to the annual general meeting and the Board, at its discretion, will determine whether the ordinary resolution will be submitted to the members for consideration at the annual general meeting.
- 4.12 Voting at a meeting of Vancity will be by a show of hands unless the Board determines to permit voting by electronic means and such means are made available.

5. Seal

- 5.1 Vancity will have a corporate seal.
- 5.2 The Board will provide for the use and safe custody of the seal at the registered office of Vancity or such other place as the Board determines it will be kept for safekeeping.
- 5.3 The Board will appoint authorized signatories to execute documents required to be executed under seal.

6. Borrowing and Lending

- 6.1 Subject to the Acts, the Board may raise and borrow money for the purposes of Vancity upon such terms and conditions as to interest, time, repayment and security as it determines by Board resolution.
- 6.2 Subject to the Acts, the Board will determine the terms and conditions of loans as to interest and other charges, terms of repayment and security and may by Board resolution delegate the power to make loans and to make such determinations.

7. Alteration

- 7.1 Vancity will not mail notification of any special resolution to dormant account members but will attempt to notify such members through other means as determined by the Board and permitted by the Act.
- 7.2 Where notification of a special resolution for Vancity is received generally by members of Vancity, the omission to give notice to any member or the non-receipt of the notice by any member will not invalidate the vote.
- 7.3 Members may vote on a special resolution in the same manner as voting in the election of Directors as determined under Rule 3.2.02.
- 7.4 At least 18 days before the date for the close of balloting specified in Rule 7.4(e), the Board will provide through mail in physical or electronic form, to each eligible member who holds an account which is not a dormant account:

- (a) the wording of the proposed special resolution or reference to the wording of the special resolution as distributed with the ballot and a space to enable the member to indicate whether the member is in favour of or opposed to the special resolution;
- (b) when voting by physical means, one or more envelopes, which may be included as part of the ballot and bearing the address of Vancity or the election official, which envelope will allow for verification of the voting member, and provide for confidentiality of voting;
- (c) notice of the means by which voting will take place, as determined under Rule 7.3 and under Rule 3.2.02;
- (d) when voting takes place by ballot at branches of Vancity, notice of the polling places and the times at which ballot boxes will be available in the branches of Vancity, which times will be on at least five business days of Vancity and which days and times may be different for each polling place; and
- (e) clear and precise instructions for casting the ballot and the return of the ballot, whether by mail, by deposit at a branch of Vancity, or by electronic means, and which will specify the day by which the ballot must be received by Vancity or the election official in order for the ballot to be considered returned and to be properly cast.

- 7.5 The Board will arrange for supervision of the counting of the ballots and will disclose the results within 30 days of the last date permitted under Rule 7.4(e) for voting on the special resolution. Until such time, the Board will keep the results confidential.
- 7.6 On a day after January 1 but prior to February 1 as determined by the Board, for the purpose of voting on the special resolution(s), the membership list of Vancity will be closed and only those members in good standing as of the close of business of Vancity on such date will be eligible to cast a ballot in respect of the special resolution(s).
- 7.7 Subject to the Act, Vancity may amend, alter, or add to these Rules by special resolution from time to time.

8. Partnership Growth Model

- 8.1 In conjunction with an agreement between Vancity and another credit union to amalgamate the two credit unions or to transfer to Vancity all the assets and liabilities of the other credit union (an "Acquisition/Amalgamation Agreement"), the Board of Vancity may designate the business of the other credit union as a Vancity Partner, and if it does so:
- (a) the Vancity Partner will operate as a business division of Vancity in accordance with these Rules;
 - (b) the Board of Vancity will designate a class of Partner Equity Shares of Vancity as shares linked to the Vancity Partner and such shares will be considered to be Partner Shares with respect to the Vancity Partner so designated;
 - (c) the Board of Vancity will attach a qualification for members to be issued such Partner Shares and such qualification for issue of Partner Shares will be considered to be the Partner Bond with respect to the Vancity Partner so designated;
 - (d) a designation of a Vancity Partner, the link of a class of Partner Equity Shares to a Vancity Partner, and the qualification for issue of such Partner Equity Shares may not be modified without the consent of the members holding such Partner Equity Shares ("Partner Members"); and

- (e) whenever a Vancity Partner has a Partner Bond substantially the same as the common bond of a former credit union, the Board of Vancity may assume that all members of the former credit union may subscribe for Partner Shares in the Vancity Partner.
- 8.2 A person who is, or who will concurrently become, a member of Vancity may also become a Partner Member by subscribing for a Partner Share. No member may subscribe for more than one Partner Share. A member who ceases to hold a Partner Share will cease to be a Partner Member.
- 8.3 Class G to Class Z Partner Equity Shares, each as a class, may be issued in an unlimited amount. The following special rights and restrictions are attached to Class G to Class Z Partner Equity Shares:
- (a) moneys invested in Class G to Class Z Partner Equity Shares and dividends on such shares are not guaranteed by the fund administered by the Credit Union Deposit Insurance Corporation;
 - (b) Class G to Class Z Partner Equity Shares are equity shares of Vancity;
 - (c) subject to the provisions of the Act and to the requirements of Rule 8.3(d), the Board of Vancity may in its absolute discretion declare and pay dividends on Class G to Class Z Partner Equity Shares, in amounts and at times as it may determine;
 - (d) in exercising the discretion to declare and pay dividends on any of Class G to Class Z Partner Equity Shares, the Board of Vancity will consider any submissions of the appropriate Partner Board regarding such Vancity Partner's financial performance;
 - (e) the Board of Vancity may establish a qualification which must be satisfied by a member before such member is entitled to be subscribed for any of Class G to Class Z Partner Equity Shares;
 - (f) Class G to Class Z Partner Equity Shares will be issued at and have a par value of \$0.01 each;
 - (g) subject to the Act, upon written request of the member, Vancity will redeem all or any portion of Class G to Class Z Partner Equity Shares held by a Partner Member (but not so as to result in a member holding fractional shares) provided that the Board of Vancity may limit the amount of each class of Partner Equity Shares redeemed in any one calendar year to 10% of the total amount of such class of Partner Equity Shares, issued and outstanding; and
 - (h) in the event of winding-up of Vancity, the holders of Class G to Class Z Partner Equity Shares will be entitled to receive the par value of their shares, together with any dividends declared but unpaid on such shares. After payment to the holders of such Partner Equity Shares of the amounts so payable to them, they will not be entitled to share in any further distribution of the property or assets of Vancity.
- 8.4 Partner Members who were directors of a Vancity Partner immediately prior to the Acquisition/Amalgamation will form a board of the Vancity Partner ("Partner Board"), which will serve as the Partner Board until the first annual general meeting of the Partner Members of such Vancity Partner.
- 8.5 Partner Members will elect members of the Partner Board ("Partner Directors") in accordance with these Rules.
- 8.6 The number of Partner Directors of a Vancity Partner will be not less than three or more than 12, unless the Board of Vancity agrees otherwise.
- 8.7 Except where an election is held to fill the unexpired portion of a term, Partner Directors will be elected to hold office for three years.

- 8.8 In order to be eligible to stand for election as a member of a Partner Board, a person:
- (a) must be a member in good standing of Vancity on the date for the close of nominations determined in accordance with these Rules; and
 - (b) must meet the requirements for eligibility as if they were to become a Director of Vancity, except as otherwise determined by the Board.
- 8.9 The Partner Board will establish from time to time procedures for nomination, voting and election of members of the Partner Board.
- 8.10 The Partner Board will determine its own procedures which will be similar to but need not be identical to the procedures for the Board of Vancity, and which will meet generally acceptable business standards. The procedures and requirements for convening the annual shareholders meeting and other meetings of the Partner Board will be as agreed to in writing from time to time by the Partner Board and the Vancity Board.
- 8.11 Partner Directors in order to hold office must agree in writing with Vancity:
- (a) to observe and be bound by the Standards of Business Conduct Policy and Ethical Behaviour for Directors that would be applicable if they were Directors of Vancity, and
 - (b) to comply with all legal requirements which would be applicable if they were Directors of Vancity.
- 8.12 The Partner Board will inform the Board of Vancity of all meetings of the Partner Board and permit no less than one Director to attend each meeting. Such Director will not count towards the quorum and will not participate in voting.
- 8.13 The Partner Board will supervise the operations of a Vancity Partner in accordance with the independent management agreement governing the relationship between Vancity and the Vancity Partner (the "Management Agreement").
- 8.14 The Partner Board will make reports to the Board of Vancity in accordance with the Management Agreement, and may make submissions on the progress and status of the Vancity Partner to assist the Board of Vancity in the exercise of its discretion to declare dividends on Partner Shares.
- 8.15 The Partner Board may recommend to the Board of Vancity the appointment of such employees as the Partner Board determines are required for the proper operation of such Vancity Partner, and the Board of Vancity will take such recommendations under consideration.
- 8.16 The Partner Board and the Board of Vancity will settle any disputes in accordance with any dispute resolution provisions in the Management Agreement.
- 8.17 No less than every two years, the Board of Vancity will convene a meeting with the Partner Board to review the terms of the independent management agreement and the progress of the Partner Board mandate. The date of the meeting is to be fixed by the Board of Vancity on recommendation by the respective Partner Board.
- 8.18
- (a) The Vancity Partner annual shareholders meeting and other meetings of the Partner Board will be held on dates to be fixed by the appropriate Partner Board.
 - (b) A Partner Board will inform the Board of Vancity of the date, time and location of any annual shareholders meetings of Partner Members as soon as practicable.
 - (c) A Partner Board will invite the Board of Vancity to attend and participate in any annual shareholders meeting.

(d) At an annual shareholders meeting of a Vancity Partner, one-quarter of the Partner Members, or 50 Partner Members, whichever is lesser, will constitute a quorum, but a lesser number may adjourn from time to time until a quorum is obtained.

8.19 (a) The name under which a Vancity Partner will carry on its business will be established by the Acquisition/Amalgamation Agreement and the part of such name which refers to the Vancity Partner may not be changed without the consent of the Partner Board. The part of such name which refers to Vancity may be changed by Vancity.

(b) All activities of the Vancity Partner will be subject to all regulatory requirements and supervision and review by the internal and external auditors of Vancity. All such activities will comply with the requirements of law, the requirements of all regulators and internal reporting requirements of Vancity.

(c) All activities of the Vancity Partner will comply with the Statement of Values and Commitments of Vancity.

8.20 In accordance with the Act, the rights attached to an issued class of Partner Equity Shares will not be prejudiced or interfered with unless Partner Members holding shares of that class so approve by a special resolution.

8.21 The Board of Vancity may, in their absolute discretion, designate one or more existing or proposed Vancity branches as a Vancity Partner, may link a class of Partner Equity Shares to such Vancity Partner and may establish a qualification for issue of such shares to members.

8.22 A Vancity Partner Board will be established by the Board of Vancity within 30 days of the establishment of the Vancity Partner under these Rules.