

COAST CAPITAL SAVINGS FEDERAL CREDIT UNION RULES

AS AMENDED

April 29, 2021

COAST CAPITAL SAVINGS FEDERAL CREDIT UNION

**RULES
(2021)**

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DEFINITIONS

The meaning of any words or phrases defined in the *Bank Act* shall, if not inconsistent with the subject or context, have the same meaning in these Rules. Further, in these Rules, unless the subject or context is inconsistent therewith:

- (a) “Annual General Meeting” means the annual meeting of members of the Credit Union;
- (b) “*Bank Act*” means the *Bank Act* (Canada) from time to time in force and all amendments thereto, regulations made pursuant thereto, and guidance issued by the Office of the Superintendent of Financial Institutions;
- (c) “Board of Directors” means the board of directors of the Credit Union;
- (d) “Campaign Regulations” means the regulations pertaining to candidates for election as a Director as adopted by the Board of Directors from time to time;
- (e) “Chair” means the chair of the Board of Directors;
- (f) “Code of Conduct and Ethics for Directors” means the code of conduct and ethics, however designated, adopted by the Board of Directors from time to time;
- (g) “Code of Performance Standards for Directors” means the code of performance standards for Directors, however designated, adopted by the Board of Directors from time to time;
- (h) “Conduct Review Committee” means the conduct review committee of the Board of Directors established in compliance with the *Bank Act*;
- (i) “Conflict of Interest Policy” means the conflict of interest policy, however designated, adopted by the Board of Directors from time to time;
- (j) “Credit Union” means Coast Capital Savings Federal Credit Union;
- (k) “Director” means a director of the Credit Union for the time being;
- (l) “Financially Literate” means to have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised in the Credit Union’s financial statements;
- (m) “Intermediate Entitlement” means the value of the Credit Union’s gross common equity tier 1 capital (or equivalent thereof under the regulatory capital rules applicable to the Credit Union) - as reflected in the Credit Union’s consolidated balance sheet most recently filed with OSFI before the Credit Union’s liquidation, dissolution or winding-up - and multiplied by a factor (not exceeding 1) to be fixed by the Board of Directors. The Intermediate Entitlement is shared rateably between the holders of Class A Equity Shares and Class D Equity Shares in proportion to the aggregate value of the issue price of all outstanding Class A Equity Shares and the aggregate value of the issue price of all outstanding Class D Equity shares, respectively;

- (n) “junior member” means a member of the Credit Union who has not reached the age of 18 years;
- (o) “member” means a person admitted to membership of the Credit Union in accordance with Rule 1.
- (p) “Region” means any specific geographic region, the scope of which shall be determined by the Board of Directors in accordance with Rule 13.3, existing within the trade area of the Credit Union;
- (q) “Registered Holder” means, with respect to an issued membership share or share in the capital of the Credit Union, the person registered in the members register or securities register of the Credit Union, as appropriate, as being the member holding that membership share or the shareholder holding that share, as appropriate;
- (r) “Superintendent” means the Superintendent of Financial Institutions (Canada); and
- (s) “Unaffiliated Director” means a Director who is not affiliated with the Credit Union within the meaning of the *Bank Act* and regulations made thereunder.

1. MEMBERSHIP

- 1.1 Subject to the *Bank Act*, any person may become a member of the Credit Union if the person has applied for membership in accordance with this Rule 1, subscribed and paid for in full the minimum number of Class A Equity Shares specified in Rule 4.1, and the application was approved by the Board of Directors or an employee authorized by the Board of Directors.
- 1.2 Every application for membership shall be in writing and be accompanied by payment in full of the number of Class A Equity Shares required under Rule 4.1 to be held by a member on the date of application for membership. The Board of Directors may, in their sole discretion, delegate the authority to approve or reject applications for membership.
- 1.3 A member in good standing is a member, including a junior member, who at the date on which good standing is determined has purchased, paid for and holds the number of membership shares required by these Rules and who is not more than 90 days delinquent in any obligation to the Credit Union.
- 1.4 Subject to the *Bank Act*, the Board of Directors may establish policies to waive or delay purchase, payment, redemption, and ownership in whole or in part of Equity Shares (hereinafter defined) as required by these Rules, and may set minimum or maximum limits.

2. WITHDRAWAL FROM MEMBERSHIP

- 2.1 A member may withdraw from membership in the Credit Union by giving the Credit Union such notice as may be prescribed by the Board of Directors.
- 2.2 The membership of any person may be terminated by a resolution of the Board of Directors in accordance with these Rules and the *Bank Act* on such

grounds that are not prohibited by the *Bank Act* or laws against discrimination.

- 2.3 A resolution passed by the Board of Directors under Rule 2.2 is not valid unless a prior written notice of at least 21 days was given to the member setting forth the date, time, and venue of the meeting of the Board of Directors called to consider the resolution and a statement that the member has the right to appear to make submissions at the meeting of the Board of Directors.
- 2.4 A person may appeal a resolution passed by the Board of Directors under Rule 2.2 expelling that person from membership in the Credit Union by filing a written notice of appeal with the Board of Directors at least 90 days prior to the Annual General Meeting. If such notice of appeal is filed, the Board of Directors shall submit an ordinary resolution to members for consideration at the Annual General Meeting on whether to reinstate the expelled person's membership in the Credit Union. If the members vote to approve such resolution, the expelled person shall be reinstated as a member of the Credit Union.
- 2.5 A person who has withdrawn from membership in the Credit Union or whose membership in the Credit Union has been terminated under this Rule 2 shall have the right to request that the Credit Union, at the discretion of the Board of Directors and subject to the approval of the Superintendent, redeem all of the Class A Equity Shares held by that person and shall have all such other rights as may be provided for in the *Bank Act* and these Rules.

3. MEMBERSHIP SHARES AND SHARES

- 3.1 The Credit Union shall have one class of membership shares designated as Class A Equity Shares. The shares of the Credit Union shall be divided into five classes of equity shares comprised of:
- (a) one class of equity shares designated as Class B Equity Shares;
 - (b) one class of equity shares designated as Class C Equity Shares;
 - (c) one class of equity shares designated as Class D Equity Shares;
 - (d) one class of equity shares designated as Class E Equity Shares; and
 - (e) one class of equity shares designated as Class F Equity Shares.

The Class A Equity Shares and the aforesaid classes of equity shares referred to in sub-Rules (a) through (e) inclusive are hereinafter sometimes collectively or individually called the "Equity Shares".

- 3.2 Subject to the *Bank Act* and to any special rights and restrictions attached to any shares of the Credit Union, the Board of Directors shall allot and issue or otherwise dispose of, and/or grant options to purchase, or otherwise deal in, shares authorized but not yet allotted at such times and to such persons, and

in such manner, and upon such terms and conditions, and at the price or for such consideration, as the Board of Directors, in their absolute discretion, may determine. Except when required by the *Bank Act*, Equity Shares, other than Class A Equity Shares, shall not carry voting rights and may be issued to and held by persons who are not members.

- 3.3 Subject to the *Bank Act*, the Credit Union may pay a commission or allow a discount to any person in consideration of the person's subscribing or agreeing to subscribe, whether absolutely or conditionally, for any membership shares or shares in the Credit Union, or procuring or agreeing to procure subscriptions, whether absolutely or conditionally, for any such membership shares or shares. The Board of Directors may also pay such brokerage as may be lawful.
- 3.4 Each class of the Equity Shares shall rank in respect of the distribution of assets in the event of the liquidation, dissolution or winding-up of the Credit Union or any other distribution of assets of the Credit Union among the holders of its membership shares or shares for the purpose of winding-up its affairs, whether voluntary or involuntary, in accordance with the *Bank Act* and these Rules.
- 3.5 Subject to the *Bank Act* and these Rules, the Board of Directors, in their absolute discretion, may set terms and conditions for entitlement to dividends for each class or series of Equity Shares, may declare and pay dividends on each class or series of Equity Shares in such amounts and at such times as from time to time determined, may declare a dividend on each class or series of Equity Shares in preference to any other class of Equity Shares and may declare different rates of dividend for different classes or series of Equity Shares.
- 3.6 Subject to the rights of the holders of Equity Shares, the Board of Directors may distribute any surplus earnings arising from the operations of the Credit Union by paying dividends and patronage allocations on Equity Shares. Dividends or patronage allocations declared, if any, at the discretion of the Board of Directors may be paid in cash or as an allocation of Equity Shares, or any combination of them.
- 3.7 Subject to the *Bank Act*, membership shares and shares must be issued as fully paid, and if any dividend, or patronage allocation results in a member or a holder of an Equity Share being entitled to a fraction of a share, the Board of Directors may determine that a cash or other form of payment be made to that member or holder, in place of that fraction of a share or membership share, or otherwise settle any difficulty arising from the payment of any dividend or patronage allocation, stock or otherwise.
- 3.8 Subject to the *Bank Act* and these Rules, the Board of Directors may from time to time, by resolution, determine the minimum and maximum number of membership shares and shares, of any class or in total, in the Credit Union permitted to be purchased and held by any member or person and all terms and conditions attaching to any application for membership shares or shares in the Credit Union including the maximum number of applications permitted

by a member or a person and the minimum or maximum number of membership shares or shares required for each application.

- 3.9 Subject to specific rules relating to Class A Equity Shares contained in Rules 4.1 to 4.2 inclusive, all Equity Shares may be purchased and held jointly. All jointly held Equity Shares shall carry the right of survivorship unless a contrary statement, in writing, is given at the time of subscription or at any time thereafter and signed by all parties jointly holding the said Equity Shares.
- 3.10 The Board of Directors shall, subject to the payment of a fee in an amount permitted under the *Bank Act*, issue share or membership share certificates for each class of Equity Shares at the request of each person who subscribes and pays for them, save for Class A Equity Shares where the Board of Directors may at their discretion decide to issue or not issue certificates.
- 3.11 Every membership share or share certificate issued by the Credit Union shall be in such form as the Board of Directors approve, and shall comply with the requirements of the *Bank Act*.
- 3.12 A membership share or share certificate may be mailed by prepaid mail to the person entitled thereto at their registered address, and the Credit Union shall not be liable for any loss occasioned to the member or the holder if any such certificate is so mailed.
- 3.13 In respect of a share or membership share held jointly by several persons, delivery of a certificate for that share or membership share to one of several joint holders or to their duly authorized agent shall be sufficient delivery to all.
- 3.14 Except as required by law, statute or these Rules, no person shall be recognized by the Credit Union as holding any share or membership share upon any trust, and the Credit Union shall not be bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or membership share or any interest in any fractional part of a share or membership share or (except only as by law, statute or these Rules provided or as ordered by a court of competent jurisdiction) any other rights in respect of any share or membership share except an absolute right to the entirety thereof in the Registered Holder.
- 3.15 If the Credit Union proposes, at its option, to redeem some but not all of the membership shares or the shares of any class, the Board of Directors may, subject to the special rights and restrictions attached to membership shares or such class of shares, decide the manner in which the membership shares or shares to be redeemed shall be selected.
- 3.16 Membership shares or shares of any class which are redeemed or are purchased by the Credit Union for cancellation in accordance with the Rules and the *Bank Act* shall be, and be deemed to be, cancelled and returned to the status of authorized but unissued membership shares or shares of that class.

4. CLASS A EQUITY SHARES

4.1 Class A Equity Shares are a requirement of membership in the Credit Union, which may be referred to as membership shares, may be issued in an unlimited amount and shall have attached thereto the following rights and restrictions:

- (a) the Credit Union may, subject to the approval of the Superintendent and at the discretion of the Board of Directors, redeem or purchase any Class A Equity Shares held by a Registered Holder on such terms and conditions and at such times as the Board of Directors, in their discretion, resolve;
- (b) Class A Equity Shares which are redeemed by the Credit Union shall be redeemed at their issue price, plus any dividends declared but unpaid thereon;
- (c) unless permitted by a resolution of the Board of Directors, Class A Equity Shares are not transferable;
- (d) Class A Equity Shares shall be issued at a price to be determined by resolution of the Board of Directors;
- (e) each member of the Credit Union shall subscribe for, fully pay for, and hold at least five Class A Equity Shares;
- (f) the maximum dividend payable in any year on a Class A Equity Share shall not exceed 1,000 percent of the value of its issue price and, for greater certainty, dividends are payable at the discretion of the Board of Directors and shall be non-cumulative;
- (g) in the event of the liquidation, dissolution or winding-up of the Credit Union, voluntary or involuntary, or any other distribution of assets of the Credit Union among the holders of its membership shares and shares for the purpose of winding-up its affairs, the holders of Class A Equity Shares - subject to the prior rights of the holders of the Class P Non-Equity Securities and all other classes of Equity Shares (other than Class D Equity Shares) with respect to a return of capital and dividends on the occurrence of such event - shall be entitled to receive the Intermediate Entitlement (rateably with the entitlement thereto of the holders of Class D Equity Shares) and the remaining property and assets of the Credit Union.

4.2 Class A Equity Shares may be held jointly, but each of the joint holders must acquire the requisite number of Class A Equity Shares. Entitlement to vote as a member is limited to each joint account holder that has acquired the requisite Class A Equity Shares.

4.3 For the purpose of section 79.4 of the Bank Act, the value of a Class A Equity Share shall be determined by dividing the value of the Credit Union's stated capital account for Class A Equity Shares by the number of Class A Equity Shares outstanding, each as of the time of the determination.

5. CLASS B EQUITY SHARES

5.1 The Class B Equity Shares may be issued in an unlimited amount and shall have attached thereto the following rights, privileges, restrictions and conditions:

- (a) subject to the *Bank Act* and these Rules, the Credit Union may redeem or purchase any Class B Equity Shares held by a Registered Holder on such terms and conditions and at such times as the Board of Directors, in their discretion, resolve;
- (b) Class B Equity Shares which are redeemed or purchased by the Credit Union shall be redeemed or purchased at the issue price plus any dividends declared but unpaid thereon;
- (c) unless permitted by a resolution of the Board of Directors, Class B Equity Shares are not transferable;
- (d) Class B Equity Shares shall be issued at \$1 each;
- (e) for greater certainty, any entitlement to dividends in respect of Class B Equity Shares shall be non-cumulative;
- (f) in the event of the liquidation, dissolution or winding-up of the Credit Union, voluntary or involuntary, or any other distribution of assets of the Credit Union among the holders of its membership shares and shares for the purpose of winding-up its affairs and subject to the prior rights of the holders of the Class P Non-Equity Securities with respect to a return of capital and dividends upon the dissolution, liquidation, winding-up or other distribution of its assets for the purpose of winding-up, the holders of Class B Equity Shares (rateably with the holders of Class C Equity Shares) shall be entitled to receive the issue price of their shares, together with any dividends declared but unpaid thereon, before any amount shall be paid or any property or assets of the Credit Union distributed to the holders of Class A Equity Shares on the occurrence of any such event. After payment to the holders of the Class B Equity Shares of the amount so payable to them, they shall not be entitled to share in any further distribution of the property or assets of the Credit Union.

6. CLASS C EQUITY SHARES

6.1 The Class C Equity Shares may be issued in an unlimited amount and shall have attached thereto, as a class, the following rights, privileges, restrictions and conditions:

- (a) Class C Equity Shares may, at any time and from time to time, be issued in one or more series with each series consisting of such number of shares as may before the issue thereof be determined by resolution of the Board of Directors;

- (b) unless permitted by a resolution of the Board of Directors, Class C Equity Shares are not transferable;
- (c) Class C Equity Shares shall be issued at a price to be determined by resolution of the Board of Directors;
- (d) subject to the *Bank Act* and these Rules, the Board of Directors shall, in their absolute discretion and by resolution duly passed before the issue of any Class C Equity Shares of any series, fix the designation, rights, privileges, restrictions, and conditions to be attached to the Class C Equity Shares of such series, including, but without in any way limiting or restricting the generality of the foregoing, the rate or amount of dividends, the date or dates and place or places of payment thereof, the consideration and the terms of any purchase or redemption thereof, conversion rights (if any), and the restrictions (if any) respecting declaration and payment of dividends on any shares ranking junior to the Class C Equity Shares;
- (e) subject to the *Bank Act* and these Rules, the Board of Directors, in their absolute discretion, may establish different rights and restrictions and may declare different rights of dividend for different series of Class C Equity Shares;
- (f) subject to the *Bank Act* and these Rules, the Credit Union may redeem any shares of any series of Class C Equity Shares on such terms and conditions and for such consideration as was established at the time of issue by resolution of the Board of Directors;
- (g) Class C Equity Shares of each series shall rank *pari passu* with the Class C Equity Shares of every other series with respect to priority in payment of dividends and in the distribution of assets in the event of liquidation, dissolution or winding-up of the Credit Union, whether voluntary or involuntary, or any other distribution of the assets of the Credit Union among the holders of its membership shares and shares for the purpose of winding-up its affairs;
- (h) as and when declared by the Board of Directors, the Registered Holders of the Class C Equity Shares of each series shall be entitled to receive and the Credit Union shall pay thereon, out of the moneys of the Credit Union properly applicable to the payment of dividends, non-cumulative cash or stock dividends at such rate or rates and on such date or dates as the Board of Directors may fix or may have fixed by the resolution provided for in clause (e) hereof with respect to such series; and
- (i) in the event of the liquidation, dissolution or winding-up of the Credit Union, voluntary or involuntary, or any other distribution of assets of the Credit Union among the holders of its membership shares and shares for the purpose of winding-up its affairs and subject to the prior rights of the holders of the Class P Non-Equity Securities with respect to a return of capital and dividends upon the dissolution, liquidation,

winding-up or other distribution of its assets for the purpose of winding-up, the holders of Class C Equity Shares (rateably with the holders of Class B Equity Shares) shall be entitled to receive the issue price of their shares, together with any dividends declared but unpaid thereon, before any amount shall be paid or any property or assets of the Credit Union distributed to the holders of Class A Equity Shares on the occurrence of any such event. After payment to the holders of the Class C Equity Shares of the amount so payable to them, they shall not be entitled to share in any further distribution of the property or assets of the Credit Union.

7. CLASS D EQUITY SHARES

7.1 The Class D Equity Shares may be issued in an unlimited amount and shall have attached thereto, as a class, the following rights, privileges, restrictions and conditions, subject to the governing legislation of the Credit Union:

- (a) Class D Equity Shares may, at any time and from time to time, be issued in one or more series with each series consisting of such number of shares and such designation, rights, privileges, restrictions, and conditions attaching thereto as may before the issue thereof be determined by resolution of the Board of Directors;
- (b) no rights, privileges, restrictions, or conditions attached to a series of Class D Equity Shares shall confer on the series priority in respect of dividends or return of capital over any other series of Class D Equity Shares that are outstanding;
- (c) the Credit Union may, subject to the approval of the Superintendent and at the discretion of the Board of Directors, purchase any Class D Equity Shares held by a Registered Holder;
- (d) Class D Equity Shares shall be subject to such conversion privileges, options, and rights as the Board of Directors may, in their sole discretion, specify by resolution in respect of any series of Class D Equity Shares prior to the issue thereof;
- (e) the Board of Directors shall specify by resolution, prior to the issue of any series of Class D Equity Shares, whether the Class D Equity Shares issued in such series are transferrable;
- (f) Class D Equity Shares shall be issued at a price to be determined by resolution of the Board of Directors in respect of each series;
- (g) Registered Holders of Class D Equity Shares shall be entitled to receive non-cumulative dividends declared thereon in the sole discretion of the Board of Directors, and the Board of Directors may specify by resolution, prior to the issue of any series of Class D Equity Shares, the means of determining dividends that may be declared on the Class D Equity Shares issued in such series and the dates of payment thereof; and

- (h) in the event of the liquidation, dissolution or winding-up of the Credit Union, voluntary or involuntary, or any other distribution of assets of the Credit Union among the holders of its membership shares and shares for the purpose of winding-up its affairs, the holders of Class D Equity Shares — subject to the prior rights of the holders of the Class P Non-Equity Securities and all other classes of Equity Shares (other than Class A Equity Shares) with respect to a return of capital and dividends on the occurrence of such event — shall be entitled to receive the Intermediate Entitlement (rateably with the entitlement thereto of the holders of Class A Equity Shares), and after payment to the holders of the Class D Equity Shares of each series of the amount so payable to them, they shall not be entitled to share in any further distribution of the property or assets of the Credit Union.

8. CLASS E EQUITY SHARES

8.1 The Class E Equity Shares may be issued in an unlimited amount and shall have attached thereto, as a class, the following rights, privileges, restrictions and conditions, subject to the governing legislation of the Credit Union:

- (a) Class E Equity Shares may, at any time and from time to time, be issued in one or more series with each series consisting of such number of shares and such designation, rights, privileges, restrictions, and conditions attaching thereto as may before the issue thereof be determined by resolution of the Board of Directors;
- (b) no rights, privileges, restrictions, or conditions attached to a series of Class E Equity Shares shall confer on the series priority in respect of dividends or return of capital over any other series of Class E Equity Shares that are outstanding;
- (c) the Credit Union may, subject to the approval of the Superintendent and at the discretion of the Board of Directors, redeem or purchase any Class E Equity Shares held by a Registered Holder, and the Board of Directors shall specify by resolution, prior to the issue of any series of Class E Equity Shares, whether the Class E Equity Shares issued in such series could be redeemed by the Credit Union and the terms and conditions upon which such redemption may be effected, including the formula for calculating the redemption price;
- (d) Class E Equity Shares may be issued as non-viability contingent capital instruments and may be subject to:
 - (i) a full and permanent conversion into Class A Equity Shares or Class D Equity Shares of the Credit Union; or
 - (ii) a full and permanent write-off;

on such terms and conditions (including as to the triggers for the conversion or write-off, the conversion or write-off formula, and the particulars of the conversion or write-off mechanism) that the Board of

Directors may specify by resolution in respect of each series of Class E Equity Shares prior to their issue;

- (e) the Board of Directors shall specify by resolution, prior to the issue of any series of Class E Equity Shares, whether the Class E Equity Shares issued in such series are transferrable;
- (f) Class E Equity Shares shall be issued at a price to be determined by resolution of the Board of Directors in respect of each series;
- (g) Registered Holders of Class E Equity Shares shall be entitled to receive non-cumulative dividends declared thereon in the sole discretion of the Board of Directors, and the Board of Directors may specify by resolution, prior to the issue of any series of Class E Equity Shares, the means of determining dividends that may be declared on the Class E Equity Shares issued in such series and the dates of payment thereof; and
- (h) in the event of the liquidation, dissolution or winding-up of the Credit Union, voluntary or involuntary, or any other distribution of assets of the Credit Union among the holders of its membership shares and shares for the purpose of winding-up its affairs, a holder of each Class E Equity Share — subject to the prior rights of the holders of Class B Equity Shares, Class C Equity Shares, and Class P Non-Equity Securities of the Credit Union with respect to a return of capital and dividends on the occurrence of such event — shall be entitled (rateably with the holders of Class F Equity Shares) to receive the issue price of the Class E Equity Share, together with any dividends declared thereon prior to the occurrence of such event that are not paid, before any amount shall be paid or any property or assets of the Credit Union distributed to the holders of Class D Equity Shares or Class A Equity Shares on the occurrence of any such event. After payment to the holders of the Class E Equity Shares of each series of the amount so payable to them, they shall not be entitled to share in any further distribution of the property or assets of the Credit Union.

9. CLASS F EQUITY SHARES

9.1 The Class F Equity Shares may be issued in an unlimited amount and shall have attached thereto, as a class, the following rights, privileges, restrictions and conditions, subject to the governing legislation of the Credit Union:

- (a) Class F Equity Shares may, at any time and from time to time, be issued in one or more series with each series consisting of such number of shares and such designation, rights, privileges, restrictions, and conditions attaching thereto as may before the issue thereof be determined by resolution of the Board of Directors;
- (b) no rights, privileges, restrictions, or conditions attached to a series of Class F Equity Shares shall confer on the series priority in respect of

dividends or return of capital over any other series of Class F Equity Shares that are outstanding;

- (c) the Credit Union may, subject to the approval of the Superintendent and at the discretion of the Board of Directors, redeem or purchase any Class F Equity Shares held by a Registered Holder, and the Board of Directors shall specify by resolution, prior to the issue of any series of Class F Equity Shares, whether the Class F Equity Shares issued in such series could be redeemed by the Credit Union and the terms and conditions upon which such redemption may be effected, including the formula for calculating the redemption price;
- (d) Class F Equity Shares may be issued as non-viability contingent capital instruments and may be subject to:
 - (i) a full and permanent conversion into Class A Equity Shares or Class D Equity Shares of the Credit Union; or
 - (ii) a full and permanent write-off;

on such terms and conditions (including as to the triggers for the conversion or write-off, the conversion or write-off formula, and the particulars of the conversion or write-off mechanism) that the Board of Directors may specify by resolution in respect of each series of Class F Equity Shares prior to their issue;

- (e) the Board of Directors shall specify by resolution, prior to the issue of any series of Class F Equity Shares, whether the Class F Equity Shares issued in such series are transferrable;
- (f) Class F Equity Shares shall be issued at a price to be determined by resolution of the Board of Directors in respect of each series;
- (g) Registered Holders of Class F Equity Shares shall be entitled to receive non-cumulative dividends declared thereon in the sole discretion of the Board of Directors, and the Board of Directors may specify by resolution, prior to the issue of any series of Class F Equity Shares, the means of determining dividends that may be declared on the Class F Equity Shares issued in such series and the dates of payment thereof; and
- (h) in the event of the liquidation, dissolution or winding-up of the Credit Union, voluntary or involuntary, or any other distribution of assets of the Credit Union among the holders of its membership shares and shares for the purpose of winding-up its affairs, a holder of each Class F Equity Share — subject to the prior rights of the holders of Class B Equity Shares, Class C Equity Shares, and Class P Non-Equity Securities of the Credit Union with respect to a return of capital and dividends on the occurrence of such event — shall be entitled (rateably with the holders of Class E Equity Shares) to receive the issue price of the Class F Equity Share, together with any dividends

declared thereon prior to the occurrence of such event that are not paid, before any amount shall be paid or any property or assets of the Credit Union distributed to the holders of Class D Equity Shares or Class A Equity Shares on the occurrence of any such event. After payment to the holders of the Class F Equity Shares of each series of the amount so payable to them, they shall not be entitled to share in any further distribution of the property or assets of the Credit Union.

10. CLASS P NON-EQUITY SECURITIES

10.1 Class P Non-Equity Securities may be issued in an unlimited amount and shall have attached thereto the following rights and restrictions:

- (a) subject to the *Bank Act* and these Rules, the Credit Union may redeem or purchase any Class P Non-Equity Securities held by a Registered Holder on such terms and conditions and at such times as the Board of Directors, in their discretion, resolve;
- (b) Class P Non-Equity Securities which are redeemed or purchased by the Credit Union shall be redeemed or purchased at such amount as determined by the Board of Directors, but in no event at an amount less than their issue price, plus any distributions declared but unpaid thereon;
- (c) Class P Non-Equity Securities are not transferable;
- (d) Class P Non-Equity Securities shall be issued at, and shall have a par value of, \$1 each;
- (e) in the event of the liquidation, dissolution or winding-up of the Credit Union, voluntary or involuntary, or any other distribution of the assets of the Credit Union among the holders of its membership shares and shares for the purpose of winding-up its affairs the holders of the Class P Non-Equity Securities shall not be entitled to share in any distribution of the property or assets of the Credit Union save as to the return of the issue price thereof, plus any distributions declared but unpaid thereon in priority to holders of all classes of Equity Shares of the Credit Union as to the return of capital.

11. DEPOSITS

11.1 A statutory declaration of a Director or officer of the Credit Union that a lien of the Credit Union has been exercised or a share forfeited and stating the date of the exercise or forfeiture shall be conclusive evidence of the facts therein stated.

11.2 The Board of Directors may determine the forms by which a person may place monies on deposit, subscribe for shares, withdraw monies on deposit or request, where permitted, redemption of membership shares or shares, and the Board of Directors may delegate the power to make such determinations.

11.3 Accounts may be held jointly.

11.4 Interest on deposits and dividends on membership shares and shares, in the absence of an express membership share or share right, contract or agreement, shall be paid or credited at times, intervals and in a manner determined by the Board of Directors.

12. BORROWING AND LENDING

12.1 The Board of Directors may raise and borrow money for the purposes of the Credit Union upon such terms and conditions as to interest, terms of repayment, and security as they determine by resolution.

12.2 If the Board of Directors, pursuant to Rule 12.1, issues debt securities related to holdings of Equity Shares, regardless of the terms of the contract, the Board of Directors may redeem the obligation of the Credit Union to the member if the member fails to maintain required holdings of Equity Shares in the Credit Union.

12.3 The Board of Directors shall determine the terms and conditions of loans as to interest and other charges, terms of repayment, and security and may, by resolution, delegate the power to make loans and to make the determination aforesaid.

12.4 The Credit Union, with the approval of the Board of Directors, may at any time or from time to time issue instruments evidencing the Credit Union's subordinated indebtedness on such terms and conditions as the Board of Directors may specify. Money invested in subordinated indebtedness issued by the Credit Union and interest payable thereon shall not be protected by any deposit insurance scheme and shall be subordinate in right of payment to all deposit liabilities of the Credit Union and all other liabilities of the Credit Union except those that, by their terms, rank equally with or are subordinate to such indebtedness.

13. COMPOSITION OF BOARD OF DIRECTORS

13.1 The number of Directors of the Credit Union shall be not less than nine and not more than fifteen and shall be set, before each Annual General Meeting, by the Board of Directors. In addition to the Board of Directors composition requirements set out in the *Bank Act*:

- (a) all of the Directors shall be members of the Credit Union;
- (b) no more than one Director may be an employee of the Credit Union or any of its subsidiaries; and
- (c) at least one third of the Directors shall be Financially Literate.

13.2 Except where a Director is appointed or elected pursuant to Rule 13.4 to fill the unexpired portion of a term, each person elected as a Director shall take office for a three-year term commencing immediately following the close of the Annual General Meeting following such election and ending as at the

close of the third Annual General Meeting following the commencement of such term.

13.3 The Board of Directors may, but shall not be obligated, to require from time to time that a specific number of Directors be residents of any Region specified by resolution of the Board of Directors. Irrespective of any residency requirements, all Directors shall, notwithstanding anything else contained in these Rules, be representatives of, and elected by all members of the Credit Union. Any such residency requirements may be modified by the Board of Directors in their discretion including without limitation reducing or increasing the number of Directors required to be residents of a specific Region. The Board of Directors may, in their discretion, determine from time to time the criteria for determining residency for the purposes of this Rule.

13.4 Subject to the requirements of the *Bank Act*, if the number of Directors of the Credit Union prescribed in this Rule 13 is reduced by death, resignation, disqualification, or removal from office or by failure to elect or appoint a Director pursuant to these Rules or for any other reason, the remaining Directors, save as may be provided by any other provision in these Rules, shall have all of the powers of the Board of Directors until the vacancy or vacancies caused thereby have been filled by appointment or election. Subject to the *Bank Act* and Rule 13.3, the remaining Directors, constituting a quorum, may appoint a person eligible under Rule 15.2 to fill any such vacancy. Any person so appointed shall hold office until the expiry of the term of office of the position that was vacated or not filled.

13.5 At any time the Conduct Review Committee may review any Director's actions in order to make a determination (a "Determination") that the Director:

- (a) breached or violated these Rules, the Conflict of Interest Policy, the Code of Conduct and Ethics for Directors, or any such other codes and policies as that Director may become subject to as a Director of the Credit Union from time to time;
- (b) breached the confidentiality of any proceedings, deliberations, or information of the Board of Directors; or
- (c) when a candidate for election as a Director, the Director violated the Campaign Regulations or these Rules.

The Director will be provided the opportunity to address the Conduct Review Committee prior to a Determination under this Rule 13.5. In the event that the Conduct Review Committee has made a Determination regarding a particular Director, that Director shall be disqualified from being a Director by a resolution passed by not less than 2/3 of the remaining Directors. The Director will be provided the opportunity to address the Board of Directors prior to a vote under this Rule 13.5.

13.6 The Board of Directors shall restrict the number of Directors that are not "Independent" at any given time and for these purposes may, in their discretion, adopt policies and procedures in relation to the definition and determination of all

matters related thereto. A Director is Independent if a reasonable person with knowledge of all the relevant circumstances would conclude that the Director is independent of management of the Credit Union and has no direct or indirect material relationship with the Credit Union. The Board of Directors may also supplement the definition of Independent in its policies.

14. PROCEEDINGS OF DIRECTORS

- 14.1 The purpose of the Credit Union includes, but is not in any way limited to or restricted by, the creation of a positive impact on society and the environment, taken as a whole, from the business and operations of the Credit Union, which impact is material in view of the size and nature of the Credit Union's business.
- 14.2 The directors shall, subject to all applicable statutory and regulatory duties and requirements including the *Bank Act*, and in alignment with cooperative principles and the purpose of the Credit Union, act with a view to the best interests of the Credit Union.
- 14.3 In considering the best interests of the Credit Union, the directors shall consider the interests of the Credit Union's members, shareholders, employees, suppliers and creditors, as well as the government, the natural environment, and the community and society in which the Credit Union operates and the short term and long-term interests of the Credit Union, to inform their decisions.
- 14.4 Nothing in sections 14.1-14.3, express or implied, is intended to create or shall it create or grant any additional right or any cause of action by or for any person.
- 14.5 Notwithstanding the foregoing, any Director is entitled to rely upon the definition of "best interests" as set forth above in enforcing their rights hereunder, and under federal law and such reliance shall not, absent another breach, be construed as a breach of a Director's fiduciary duty of care.
- 14.6 The Board of Directors shall, subject to the *Bank Act*, manage or supervise the management of the affairs and business of the Credit Union, provide strategic planning advice and, in furtherance of the foregoing, shall:
- (a) meet at least four times in each calendar year and not less frequently than once in each quarter;
 - (b) within 60 days after each Annual General Meeting, elect from their own members a Chair and may, in their discretion, elect any number of Vice-Chairs; and
 - (c) appoint a Chief Executive Officer from their own members to be the senior management officer of the Credit Union and such additional officers as it deems necessary for the continuing operation of the Credit Union.
- 14.7 Upon notice pursuant to the provisions of Rule 14.8, the Chair:
- (a) at any time may call a meeting of the Board of Directors; and

- (b) within two business days of receipt of a request in writing to call a meeting signed by three Directors, shall call a meeting of the Board of Directors.

If the Chair is unable to or does not call the meeting requested pursuant to Section 14.7(b) above, the three Directors shall be permitted to call the meeting pursuant to Section 14.8 below.

- 14.8 Notice of the time and place of a meeting of the Board of Directors containing such information as required under the *Bank Act* shall be given to each Director at the last address left by the Director for that purpose by personal delivery, mail or electronic means, not less than 24 hours before the meeting, provided that the required 24 hour notice period may be waived by that Director. Subject to the *Bank Act*, attendance at a meeting shall be deemed to be a waiver of such notice. Accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any Director shall not invalidate the proceedings at that meeting.
- 14.9 A majority of the Directors shall constitute a quorum but a lesser number may adjourn from time to time until a quorum is obtained. Except when otherwise permitted under the *Bank Act*, the Board of Directors shall not transact business at a meeting of Directors unless at least one of the Directors present is an Unaffiliated Director.
- 14.10 If the Chair is absent or is unable for any reason to act, or if the office of the Chair becomes vacant, a Vice-Chair, or in their absence another member of the Board decided by the Board of Directors shall assume and discharge the duties and responsibilities of the Chair at the meeting in question.
- 14.11 Questions arising at any meeting of the Board of Directors shall be decided by a majority of votes, and the Chair shall not vote except in the event of an equality of votes.
- 14.12 Subject to the *Bank Act*, the Board of Directors:
 - (a) may, by resolution, appoint one or more Board committees consisting of such of the Directors as the Board of Directors thinks fit and may, by resolution, delegate to any such Board committee any but not all of the powers of the Board of Directors, except as provided in the *Bank Act* ; and
 - (b) may, by resolution appoint one or more other committees consisting of such of the Directors or of other persons as the Board of Directors thinks fit.
- 14.13 Any committee appointed pursuant to Rule 14.12 shall conform to any regulations that may from time to time be imposed upon it by the Board of Directors, shall keep regular minutes of their transactions and cause them to be recorded in books kept for that purpose and shall report the same to the Board of Directors at such times as the Board of Directors may from time to time require. The term of office of each committee member shall expire at the close of the

Annual General Meeting following the date of the appointment of such committee member.

- 14.14 Subject to the *Bank Act*, the Board of Directors shall have the power at any time to revoke or override any authority given to any Board committee and to terminate the appointment or change the membership of any committee appointed pursuant to Rule 14.12 and to fill vacancies in it, but the Board of Directors shall not take any action that would interfere with the performance of the duties conferred on any Board committee under the Bank Act.
- 14.15 Subject to the *Bank Act*, a committee appointed pursuant to Rule 14.12 may elect its chair. If no such chair is elected or if at any meeting the chair so elected is not present within ten minutes after the time appointed for holding the meeting, the members present may choose one of their number to be chair of that meeting.
- 14.16 Unless otherwise determined by the Board of Directors, the members of a committee may meet and adjourn as they think proper and questions arising at the meeting of a committee shall be determined by a majority of the members present and, if there should be an equality of votes, the chair of such committee shall not have a second or casting vote and the motion shall fail.
- 14.17 A majority of the members of a committee shall constitute a quorum. A committee shall not transact business unless a majority of the Directors present are members.
- 14.18 A meeting of the Board of Directors or a committee may be held by means of such telephonic, electronic or other communications facilities as permit all persons participating in the meeting to communicate adequately with each other during the meeting, and a Director participating in such a meeting by such means is deemed to be present at the meeting. A meeting held under this Rule 14.18 shall be deemed to be held at the place where the records office of the Credit Union is located.
- 14.19 Subject to the *Bank Act*, a resolution, whether or not in counterpart, consented to in writing and whether by email, facsimile, or other electronic means of transmitting legibly recorded messages or other means, by all Directors or all the members of a committee and filed with the minutes of the Board of Directors or the committee shall be as valid and effectual as if it had been passed at a meeting of the Board of Directors or of the committee, duly called and constituted.
- 14.20 The Board of Directors must appoint an Audit Committee of not less than three persons who must at all times during the currency of the work of the Audit Committee be and continue to be Directors of the Credit Union. In addition, all of the members of the Audit Committee must be Unaffiliated Directors and Financially Literate.

15. ELIGIBILITY TO BE A DIRECTOR

15.1 Retiring Directors cease to hold office and newly elected Directors take office, at the close of each Annual General Meeting. A retiring Director is eligible to be nominated for re-election.

15.2 A person is not eligible to be elected or appointed to the office of Director of the Credit Union and, if holding the office of Director of the Credit Union, shall immediately vacate the office, if such person:

- (a) is not a member in good standing of the Credit Union;
- (b) is convicted of an offence in connection with the promotion, formation or management of a corporation or involving fraud unless five years have elapsed since the latest of:
 - (i) the expiration of the period fixed for suspension of passing of sentence;
 - (ii) the imposition of a fine; or
 - (iii) the conclusion of a term of imprisonment and probation;

but the disability imposed by this Rule 15.2(b) ceases on a pardon being granted under the Criminal Records Act (Canada);

- (c) being a Director, has failed, without being excused, to attend regular monthly meetings of Board of Directors for three consecutive months in which meetings are held;
- (d) is an employee of the Credit Union, a subsidiary of the Credit Union or a corporation in which the Credit Union holds a substantial investment, or a relative of:
 - (A) that employee; or
 - (B) the spouse of that employee;

who occupies the same house as that person;

- (e) is a director, officer, agent, or employee of an entity that is in commercial or economic competition with the Credit Union or any of its subsidiaries (except where such person is a director of a central credit union, director of any credit union all or substantially all of the assets or shares of which have been acquired by the Credit Union, a director of any subsidiary of any credit union all or substantially all of the assets or shares of which have been acquired by the Credit Union, and not otherwise ineligible to be a Director of the Credit Union, or where the Board of Directors determines, by resolution, that this Rule 15.2(e) shall not apply to such person);

- (f) is the spouse of any person referred to in subparagraph (e) of this Rule 15.2;
- (g) has been an employee of the Credit Union, a subsidiary of the Credit Union or a corporation in which the Credit Union holds a substantial investment at any time during the two-year period immediately before such member's election or appointment;
- (h) has ever been in default under any obligation to the Credit Union and has failed to pay the debt in full together with accrued interest;
- (i) is a person who is less than eighteen years of age;
- (j) is a person who is of unsound mind and has been so found by a court in Canada or elsewhere;
- (k) is a person who has the status of a bankrupt;
- (l) is a person who is not a natural person;
- (m) is a person who is prohibited, or is an officer, director or full-time employee of an entity that is prohibited, from exercising voting rights attached to shares of a bank under applicable provisions of the *Bank Act*;
- (n) is a person who is an officer, director, employee or agent of — or any other person acting on behalf of — an eligible agent (within the meaning of the *Bank Act*) of a government entity;
- (o) is a minister of Her Majesty in right of Canada or in right of a province;
- (p) is a person who is an agent or employee of the government of a foreign country or any political subdivision thereof;
- (q) is a person disqualified from being a Director in accordance with Rule 13.5; or
- (r) is a person who is otherwise disqualified from being a director of a federal credit union under the *Bank Act*.

Paragraphs (d) and (g) shall not apply in respect of a Director who has been appointed as the Chief Executive Officer of the Credit Union during the time that Director serves as the Chief Executive Officer of the Credit Union and, only if authorized by a resolution of the Board of Directors, after that Director ceases to be Chief Executive Officer of the Credit Union. For the purposes of this Rule 15.2, the term "employee" includes a person who is paid to provide their services, directly or indirectly, to the Credit Union, a subsidiary of the Credit Union or financial institution, as the case may be, on a full-time or part-time basis as an employee, and the term "spouse" means a person who is married to another person or is living and cohabiting with another person in a marriage-like relationship. The Board of Directors may, in their discretion,

determine additional criteria for determining whether or not a person is an “employee” for the purposes of these Rules.

- 15.3 The aggregate of all amounts that may be paid to all of the Directors as remuneration as Directors in any financial year of the Credit Union shall not exceed \$825,000. The Directors shall also be entitled to be reimbursed for expenses properly incurred by them in the performance of their duties.

16. ELECTION OF DIRECTORS

- 16.1 Not later than 60 days after each Annual General Meeting, the Board of Directors shall appoint a Governance and Nominations Committee of not less than three persons who must at all times during the currency of the work of the Governance and Nominations Committee be and continue to be Directors of the Credit Union. The Board of Directors shall prescribe procedures for the nomination of directors and may delegate to the Governance and Nominations Committee the responsibility to implement those procedures and communicate them to members.

- 16.2 At least 90 days prior to the Annual General Meeting the Board of Directors shall, in accordance with Rule 18.9, determine the method by which ballots for the election of Directors may be distributed and voting may take place.

- 16.3 At least 90 days before each Annual General Meeting, the Board of Directors shall appoint a Returning Officer who shall be responsible for the supervision of elections.

- 16.4 Every nominee for election or appointment as a Director shall submit a nomination to the Governance and Nominations Committee in accordance with the procedures prescribed by the Board of Directors. The Governance and Nominations Committee shall examine each nomination received and shall determine whether the nomination complies with the Bank Act, these Rules, and any applicable policies and procedures of the Credit Union. The Governance and Nominations Committee shall accept each nomination of a member qualified to be a candidate whose nomination complies with the foregoing and shall reject each nomination of a member who is not qualified to be a candidate or whose nomination does not comply with the foregoing. The Governance and Nominations Committee may recommend any candidate whose nomination is accepted but is not required to do so.

- 16.5 Taking into account the number of returning Directors that are Financially Literate and that meet the composition requirements specified in Rule 13.1, the Governance and Nominations Committee may recommend any number of candidates and may communicate its recommendations and the reasons for its recommendations to the members in any manner as it thinks fit.

- 16.6 In order to be recommended by the Governance and Nominations Committee, a nominee for election or appointment as a Director must have any of the following qualifications:

(a) experience as a board member or senior executive or management with:

- (i) a business in the financial services or real estate sector, including a financial institution;
 - (ii) a significant not-for profit organization having province or nation-wide operations;
 - (iii) a business of such complexity that would allow the Director to have a good understanding of the business of the Credit Union;
 - (iv) a crown corporation;
 - (v) a public corporation; or
- (b) any experience which in the sole discretion of the Governance and Nominations Committee is equivalent to the experience listed in Rule 16.6(a)(i) through (v) above.

The Governance and Nominations Committee shall have the sole discretion to determine whether or not a candidate's experience fits within this Rule 16.6.

- 16.7 Having regard to the composition requirements specified in Rule 13.1 and any residency requirements established pursuant to Rule 13.3, an election shall be held at or before the next Annual General Meeting to fill Director vacancies. Where an election is to be held, the Governance and Nominations Committee shall make available to all members of the Credit Union entitled to vote, in sufficient time so as to provide the members a notice of at least 21 days prior to the end of the period during which members may cast ballots, such information regarding the dates of the election, candidates (and for greater certainty, the Governance and Nominations Committee may include more information about recommended candidates), voting eligibility, balloting (including instructions for casting ballots) and any such other information and materials as prescribed and determined appropriate by the Governance and Nominations Committee in its sole and unfettered discretion.
- 16.8 Only those members in good standing on the Voting Record Date established pursuant to Rule 19.1 for such election shall be eligible to cast ballots in the election. A ballot cast in any election of Directors must contain the same number of votes as the number of vacancies to be filled in that election of Directors and any ballot indicating another intention is void. For clarity, no members may cast more than one vote for a candidate.
- 16.9 If an eligible member does not receive a ballot pursuant to Rule 16.7, or loses or destroys the ballot before it is cast, then upon receipt prior to the close of voting of a declaration from that member that the ballot was not received, or has been lost or destroyed, and that the member has not cast a ballot in the election, the Credit Union shall make available to that member the items and information to be provided pursuant to Rule 16.7 on the terms and conditions determined by the Governance and Nominations Committee from time to time.

- 16.10 The Returning Officer shall cause all ballots to be returned to him or her after the close of voting as described in Rule 16.7 and cause a tally to be made of all ballots received by the Credit Union, that tally to be conducted in a manner ensuring the secrecy of the voting, and for that purpose may employ such scrutineers and clerks who shall not be Directors or officers of the Credit Union, as may in the opinion of the Returning Officer be reasonable.
- 16.11 Notwithstanding anything herein contained, the final decision in determining whether or not a ballot is to be rejected or accepted shall be made prior to the tallying of votes, by the Returning Officer whose discretion is absolute and not open to question or review.
- 16.12 If there are two or more persons having an equal number of votes in any election and there are not sufficient vacancies remaining to enable all such persons to be elected, the successful nominees shall be determined by the Directors who receive a greater number of votes, having regard to any residency requirements established pursuant to Rule 13.3 and the composition requirements specified in Rule 13.1.
- 16.13 As soon as practical but in no event later than ten days from the closing of an election and not later than 48 hours before the commencement of the Annual General Meeting, the Returning Officer shall communicate the results of the election to the Chair of the Governance and Nominations Committee, who will communicate such results to each of the Directors and each of the candidates for election.
- 16.14 The results of the election shall be announced at the Annual General Meeting following the election.
- 16.15 A notice of the election or appointment of a person as a Director of the Credit Union shall be filed with the Superintendent in accordance with all applicable laws.
- 16.16 Subject to applicable laws, the Board of Directors shall from time to time determine the method and manner in which candidates shall be permitted to campaign for election in the Campaign Regulations and candidates may only campaign in accordance with the permitted method and manner as determined by the Board of Directors and must not campaign in the method and manner prohibited by the Board of Directors in the Campaign Regulations.
- 16.17 Notwithstanding Rule 16.16, no candidate shall campaign on or interfere with, ingress or egress to the property of the Credit Union in connection with any election or permit anyone to do so on their behalf.
- 16.18 Notwithstanding Rule 16.16, no candidate shall campaign or permit any person to campaign on their behalf in any of the premises of the Credit Union or subsidiary of the Credit Union or any property where any premises or facilities of the Credit Union or subsidiary of it are situated, except in the method and manner permitted pursuant to these Rules and any regulations as may be determined by the Board of Directors.

- 16.19 Subject to applicable laws, a candidate who campaigns or permits any person to campaign on their behalf in any method or manner which in the opinion of two thirds of the Board of Directors is other than as determined by the Board of Directors shall be disqualified as a candidate and no vote cast in favour of that candidate shall be counted in the tally of ballots, but the ballots shall not otherwise be deemed to be void. The candidate will be given the opportunity to address the Board of Directors before such a vote is taken. Within 24 hours of the disqualification of a candidate by the Board of Directors, the Board of Directors shall give written notice of such disqualification to the candidate and the notice shall specify the reason or reasons for the disqualification.
- 16.20 Notwithstanding Rule 16.16, no candidate shall interfere with the election process or seek assistance in connection with the election from any employee of the Credit Union or subsidiary thereof, the Returning Officer or any person employed by the Returning Officer.
- 16.21 If any candidate violates any of these Rules or the Campaign Regulations, the Board of Directors may disqualify the candidate and the determination of the Board of Directors shall be final, non-appealable and binding.

17. AUDITOR

- 17.1 At each Annual General Meeting of the Credit Union an auditor or auditors shall be appointed to hold office until the close of the next Annual General Meeting and, if at that meeting a new appointment is not made, the auditor(s) in office shall continue as auditor(s) until their successor is appointed.
- 17.2 The Board of Directors shall fix the remuneration to be paid to the auditor(s).

18. GENERAL MEETINGS

- 18.1 Annual General Meetings of the Credit Union shall be held annually on a date to be fixed by the Board of Directors and shall be convened and held in accordance with the provisions of the *Bank Act*.
- 18.2 Rules 18.2(a) to (c) apply in respect of general meetings:
- (a) The Chair of the Board of Directors, or, if a Chair is not appointed, any one of the Vice-Chairs as selected in accordance with Rule 14.10, shall preside as Chair at each general meeting of the Credit Union. If at any meeting neither the Chair nor Vice-Chairs are present within ten minutes after the time appointed for holding the meeting or if none of them is willing to act as Chair, then the members present shall elect one of their number as Chair for that meeting.
 - (b) At a general meeting of the Credit Union, 50 members in good standing shall constitute a quorum.
 - (c) The Chair shall determine any matter in respect of voting at, and the conduct of, any general meeting not governed by the *Bank Act*, these

Rules or any determination of the Board of Directors, and such determination shall be final.

18.3 So far as practical, the order of business at an Annual General Meeting shall be:

- (a) Call to order;
- (b) Determination of compliance with notice and quorum requirements;
- (c) Approval of the agenda;
- (d) Appointment of parliamentarian;
- (e) Approval of minutes of previous general meetings;
- (f) Business arising out of the minutes;
- (g) Receipt of report of the Board of Directors;
- (h) Receipt of report of the Chief Executive Officer;
- (i) Receipt of auditor's report;
- (j) Receipt of financial statements;
- (k) Appointment of an auditor for the ensuing year;
- (l) Receipt of reports of any Board committees;
- (m) Report on election of Directors;
- (n) Members' resolutions and new business;
- (o) Conclusion; and
- (p) Members' open forum.

18.4 Unless the resolution is submitted by the Board of Directors, in order for an ordinary or special resolution to be eligible for consideration by members at an Annual General Meeting it must comply with the requirements of the *Bank Act* and must be submitted to the Board of Directors for review and consideration at least 90 days prior to the Annual General Meeting and the Board of Directors, at their discretion, shall determine whether the resolution shall be submitted to the members for consideration at the Annual General Meeting.

18.5 At all general meetings:

- (a) each person to be admitted must on request present evidence of identity, membership in good standing and age;
- (b) a junior member is not entitled to vote;

- (c) subject to Rule 19.1 and subject to the exception contained in Rule 18.5(b), each member carries the right to one vote to be cast by:
 - (i) the person named on the account;
 - (ii) in the case of an account in the name of more than one person, all eligible members; or
 - (iii) in the case of a corporation, by its representative duly appointed in writing as provided in the *Bank Act*.
 - (d) no person shall cast more than one vote on a resolution except that in the case of an equality of votes the Chair of the meeting shall be entitled to a second or casting vote; and
 - (e) no member may vote by proxy or a delegate.
- 18.6 Subject to the provisions of Rules 18.7 to 18.9 inclusive, a resolution adopted at a general meeting of the Credit Union by the requisite majority shall be binding.
- 18.7 The Board of Directors may within seven days after any general meeting at which a resolution has been adopted by the requisite majority determine to refer the resolution to the membership for affirmation and the resolution shall be of no force and effect unless affirmed.
- 18.8 Where the Directors make a determination to submit a resolution adopted at any general meeting to the members for affirmation as provided in Rule 18.7, the Directors may determine that voting may be by mail ballot, ballot at a branch office of the Credit Union or via electronic means, or any combination of these methods, and shall within 180 days of the general meeting at which the resolution was adopted give to each member who is a member in good standing at the date of that meeting:
- (a) a notice containing a brief statement of the action taken by the membership, the determination taken by the Directors to refer the resolution to the membership for affirmation and the reason of the Board of Directors for referring the resolution to the members for affirmation;
 - (b) a ballot containing provision for a vote for or against the affirmation of the resolution;
 - (c) clear and precise instructions for casting the ballot and the return thereof specifying the date by which the ballot must be returned to the Credit Union which date must not be less than 14 days after the giving of the notice referred to in Rule 18.8(a); and
 - (d) such other materials as the Board of Directors deems necessary or advisable in connection with the balloting.
- 18.9 Subject to the *Bank Act*, at least 90 days prior to any general meeting of members, the Board of Directors shall determine the method by which voting on

special resolutions, other resolutions and an election of Directors shall take place.

- (a) The Board of Directors may determine that members may vote:
 - (i) in person at a general meeting or by mail ballot, whichever method the member chooses;
 - (ii) in person at a general meeting or by ballot at a branch office, whichever method the member chooses;
 - (iii) in person at a general meeting, by mail ballot or by ballot at a branch office, whichever method the member chooses;
 - (iv) by mail ballot or voting by ballot at a branch office, whichever method the member chooses;
 - (v) by ballot at a branch office;
 - (vi) by mail ballot; or
 - (vii) in person at a general meeting.
- (b) In addition to the voting methods selected by the Board of Directors pursuant to Rule 18.9(a), the Board of Directors may, subject to the *Bank Act*, determine that members may also vote in an election of Directors and on special resolutions by such electronic means as may be prescribed by the Board of Directors in their discretion.
- (c) Having regard to the determination made in paragraphs (a) and (b), the Board of Directors may determine to deliver ballots:
 - (i) to members by making ballots available in branch offices;
 - (ii) by electronic means;
 - (iii) by mail to all members eligible to cast a ballot, or by mail to those members eligible to cast a ballot who request a ballot by mail.
 - (iv) to members at the general meeting; or
 - (v) a combination of the above methods.

For greater certainty, the Board of Directors may select either the same or a different method of voting for a members' resolution and for the election of Directors. If the Board of Directors does not select a method for voting at a particular general meeting, the Board of Directors shall be deemed to have selected the method set out in Rule 18.9(a)(iii).

18.10 Except for special resolutions proposed by the Board of Directors, no special resolution shall be considered or voted on at a general meeting of the Credit

Union unless proposed for consideration by proposal or requisition in accordance with the provisions of the *Bank Act*, in which case the Board of Directors shall adhere to the *Bank Act* in dealing with such proposal or requisition.

18.11 No less than 21 days' notice of any general meeting, specifying the time and place of meeting, and in the case of special business, the general nature of the business and any other details required under the *Bank Act*, shall be given to the membership of the Credit Union.

18.12 All matters dealt with at a special meeting of members and all matters dealt with at the Annual General Meeting, except consideration of the financial statements, report of the auditor(s), election of Directors, remuneration of Directors, and reappointment of the incumbent auditor(s), shall be deemed to be special business.

18.13 Subject to the *Bank Act*, the Board of Directors may in their discretion determine that a general meeting (including without limitation an Annual General Meeting) may be held at two or more places or virtually by means of electronic or other communication facilities that allow all persons participating in the meeting to communicate with each other during the meeting, all of which together shall constitute one single meeting. A person who participates in a general meeting held in accordance with this Rule 18.13 shall be deemed to be present at the meeting and shall be counted in the quorum therefor. Any person participating in a meeting under this Rule 18.13 and entitled to vote at the meeting may, vote by means of the electronic or other communication facilities made available by the Credit Union for that purpose, if the facilities enable the votes to be gathered in a manner that permits their subsequent verification and permit the tallied votes to be presented to the Credit Union without it being possible for the Credit Union to identify how each member voted. The Board of Directors shall determine by resolution the applicable electronic voting procedures consistent with these Rules and the *Bank Act*.

18.14 For greater certainty, subject to the *Bank Act*, the Board of Directors may, in their sole discretion, determine that voting may take place by written vote or by electronic means in an election or on a resolution or as to any other matter.

19. RECORD DATES

19.1 The Board may fix in advance a notice record date for determining members, or persons of a class, entitled to receive notice of a general meeting, a class meeting or voting in an election or on a resolution or as to any other matter (the "Notice Record Date"). The Board may fix in advance a voting record date for determining members, or members of a class of members, entitled to vote on the election of Directors, on a resolution or as to any other matter, whether at a general meeting, class meeting or otherwise (the "Voting Record Date"). The Voting Record Date may be the same date as the Notice Record Date or any date after the Notice Record Date.

- 19.2 If, on the Notice Record Date, a person is not a Registered Holder of membership shares or the class or classes of shares otherwise entitled to receive notice of a general meeting or a class meeting, that person is not entitled to receive notice of such meeting with respect to membership shares or that class of shares, notwithstanding
- (a) the rights and restrictions attached to the membership shares or that class of shares; and
 - (b) that the person is a Registered Holder of such membership shares or class of shares on the date of such meeting or on the Voting Record Date.

20. INDEMNIFICATION AND PROTECTION OF DIRECTORS, OFFICERS AND CERTAIN AGENTS

20.1 Subject to the *Bank Act*, the Credit Union shall indemnify:

- (a) each Director and officer of the Credit Union;
- (b) each former Director and officer of the Credit Union;
- (c) each person who acts or who has acted at the request of the Credit Union as a Director or officer of a corporation of which the Credit Union is or was a member or creditor;

against all costs, charges and expenses, including an amount paid to settle any action or proceeding or to satisfy any judgment, reasonably incurred by the Director, officer, former Director, former officer or person for any civil, criminal or administrative action or proceeding, whether threatened, pending, continuing or completed, to which the Director, officer, former Director, former officer or person is or may be made a party by reason of being or having been a Director or officer of the Credit Union or corporation, if the Director, officer, former Director or former officer of the Credit Union or corporation acted honestly and in good faith with a view to the best interests of the Credit Union or corporation, as the case may be, and, in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the Director or officer or former Director or former officer of the Credit Union or corporation has reasonable grounds for believing that their conduct was lawful, and if the Director, officer, former Director, former officer or person is required to include in income or in the income of that individual's estate, any payment made under this indemnification for the purpose of determining income tax payable by the Director, officer, former Director, former officer or person, the Credit Union shall pay an amount by way of indemnity that will fully indemnify for the amount of all liabilities described herein and all income taxes payable as a result of the receipt of the indemnity payment.

21. NAME

21.1 The name of the Credit Union shall be Coast Capital Savings Federal Credit Union, in English and Coopérative de crédit fédérale Coast Capital Savings, in French.

22. SEAL

22.1 The Credit Union shall have a corporate seal.

22.2 The Board of Directors shall provide for the safe custody of the corporate seal of the Credit Union at the registered office of the Credit Union or at such other place as the Board of Directors determines it shall be kept for safekeeping.

22.3 The Board of Directors shall appoint authorized signatories to execute documents required to be executed under seal.

23. ALTERATION

23.1 The Credit Union may alter its Constitution or these Rules by special resolution from time to time.

23.2 Subject to the *Bank Act*, the Board of Directors may, by special resolution, amend these Rules or adopt a new Rule, provided that such amendment or new Rule is not contrary to these Rules as approved by the members. The Board of Directors shall present any such amendment or new Rule to the members at the next Annual General Meeting and the member may, by special resolution, confirm or amend it.

24. MISCELLANEOUS

24.1 These Rules shall operate as the by-laws of the Credit Union and are subject to the provisions of all applicable legislation.

24.2 The head office of the Credit Union shall be located in the Province of British Columbia.

24.3 The financial year of the Credit Union shall terminate on the last day of December of each year.

24.4 Subject to the *Bank Act*, at the Board's discretion, any information or notices that are required to be provided or mailed to members may be either mailed or provided by electronic means and members may vote by electronic means, the Board of Directors may prescribe such technological and other requirements for the use of such electronic means as the Board of Directors in their discretion considers desirable in the circumstances.

24.5 Subject to the *Bank Act*, unless these Rules expressly provide otherwise:

- (a) where these Rules require the use of documents that are "written", "in writing" and other similar words, the Board of Directors may in their

discretion permit the use of documents in such electronic means as the Board of Directors in their discretion considers desirable in the circumstances, provided that such documents are accessible in a manner useable for subsequent reference;

- (b) where these Rules require the notice of, provision or delivery of documents or information, the Board of Directors may in their discretion permit the provision or delivery of such documents or information in such electronic form and by such electronic means (including without limitation making such electronic documents accessible to the intended recipient by an electronic means notified to the intended recipient) as the Board of Directors in their discretion considers desirable in the circumstances, provided that such electronic documents are accessible by the recipient in a manner useable for subsequent reference and capable of being retained by the recipient in a manner useable for subsequent reference; and
- (c) for the purposes of this Rule 24.5, "document" includes without limitation notices, instruments, resolutions and ballots.

24.6 The Credit Union shall make the documents and information referred to in subsections 308(1) and (3) of the Bank Act (the "Annual Statement") available to members and shareholders electronically at the Credit Union's website at least 21 days before an Annual General Meeting and shall provide a paper copy of the Annual Statement to any member and shareholder who requests a copy thereof in writing at any branch of the Credit Union. Each member and each shareholder is deemed to have informed the Credit Union in writing that pursuant to subsection 311(2) of the Bank Act, they do not wish to receive a paper copy of the Annual Statement, except as provided for in this Rule 24.6.

A copy of the Credit Union Rules is available through your branch or online at www.coastcapitalsavings.com.