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C O N S T I T U T I O N

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R U L E S



Central 1 Credit Union
CONSTITUTION AND RULES
TABLE OF CONTENTS

	Page
C O N S T I T U T I O N.....	1
R U L E S.....	1
ARTICLE 1 - DEFINITIONS.....	1
ARTICLE 2 - MEMBERSHIP	3
ARTICLE 3 - CAPITAL AND LIABILITY.....	5
ARTICLE 4 - DUES AND FEES.....	7
ARTICLE 5 - DEPOSITS	9
ARTICLE 6 - LOANS	10
ARTICLE 7 - BORROWING POWER AND FINANCIAL POWERS	11
ARTICLE 8 - RESERVES AND DISTRIBUTION OF SURPLUS.....	11
ARTICLE 9 - AUDITOR AND FISCAL YEAR.....	12
ARTICLE 10 - MEETINGS	13
ARTICLE 11 – VOTING.....	13
ARTICLE 12 - DELEGATES.....	15
ARTICLE 13 - ELECTIONS.....	16
ARTICLE 14 - DIRECTORS	23
ARTICLE 14A - COMMITTEES	25
ARTICLE 15 - OFFICERS	26
ARTICLE 16 - REGIONAL DISTRICTS	27
ARTICLE 17 - THE SEAL	29
ARTICLE 18 - AMENDMENTS.....	30

April, 2010

Central 1 Credit Union

CONSTITUTION

1. Central 1 Credit Union (hereinafter referred to as "Central") is formed under the former Credit Union Act of British Columbia and amendments thereto for the purpose of raising a fund by the subscriptions of members and by such other means as are permissible by law, and of making loans thereout to members in accordance with the provisions of the Credit Union Incorporation Act, the Financial Institutions Act, and the Cooperative Credit Associations Act, and to exercise any other powers conferred on it by or under any statute.
2. The capital of Central consists of an unlimited number of shares, which shares may comprise one or more classes and which classes may have differing rights and restrictions."
3. The registered office of Central shall be situated at its chief place of business and notice of its address shall be given to every member.

RULES

ARTICLE 1 - DEFINITIONS

1. In these Rules, unless there is something in the subject or context inconsistent therewith:

"Alternate Delegate" means a person appointed as an alternate delegate by a Member and entitled to exercise all the powers of a Delegate where the Delegate is not present at a Meeting;

"Auxiliary Member" means a person who holds Shares of but is not a Member of Central;

"Central" means Central 1 Credit Union;

"Chairperson" means the chairperson of the Directors;

"Class A Member" means:

- (a) a credit union, incorporated under the *Credit Union Incorporation Act* or the *Credit Union Act* of British Columbia or which is incorporated under the laws of a jurisdiction other than British Columbia and that is, under those laws, licensed or registered to carry on business as a credit union or a *caisse populaire* in that jurisdiction;
- (b) a credit union incorporated under the laws of another jurisdiction as a central credit union or as a corporation which, in the opinion of the Directors, conducts its operations in a manner similar to a central credit union incorporated under the *Credit Union Act* or the *Credit Union Incorporation Act*

and whose application for membership as a Class A Member is approved as provided in these Rules;

"Class B Member" means a Member which is a co-operative association incorporated under the Cooperative Association Act or a corporation incorporated under another Act of the Province of British Columbia or legislation of any other jurisdiction which in the opinion of the Directors conducts its operations on a co-operative basis and is designated as a co-operative association by the Directors for the purposes of membership in Central;

"Class C Member" means a Member other than a Class A Member or a Class B Member whose application for membership is approved as provided in these Rules;

"Class A Shares" means those shares having the rights and benefits set forth in these Rules and which may be held by Class A Members only;

"Class B Shares" means those Shares which may be held by Class B Members only;

"Class C Shares" means those Shares which may be held by Class C Members only;

"Class E Shares" means those Shares having the rights and restrictions set forth in these Rules and which may be held by Class A Members and entities that are wholly-owned by Central only;

"Co-operative Association Act" means the Co-operative Association Act of British Columbia from time to time in force and all amendments thereto and includes the regulations made pursuant thereto;

"Cooperative Credit Associations Act" means the Cooperative Credit Associations Act of Canada from time to time in force and all amendments thereto and includes the regulations made pursuant thereto;

"Credit Union Act" means the Credit Union Act repealed by the Financial Institutions Act, or a former Credit Unions Act and all amendments thereto and the regulations made pursuant thereto;

"Credit Union Incorporation Act" means the Credit Union Incorporation Act of British Columbia from time to time in force and all amendments thereto and includes the regulations made pursuant thereto;

"Financial Institutions Act" means the Financial Institutions Act of British Columbia from time to time in force and all amendments thereto and includes the regulations made pursuant thereto;

"Company Act" means the Company Act of British Columbia from time to time in force and all amendments thereto and includes the regulations made pursuant thereto;

"Delegate" means a person appointed as a delegate by a Member and entitled to exercise the powers provided to be exercised by Delegates in these Rules;

"Director" means a director of Central for the time being;

"Directors" unless the context otherwise requires, means the Board of Directors of Central;

"Interpretation Act" means the Interpretation Act of British Columbia from time to time in force and all amendments thereto and includes the regulations made pursuant thereto;

"Member" means a person who becomes and remains a member of Central but does not include an Auxiliary Member;

"Ontario Region" means the Region comprising those Class A Members having their head office in the Province of Ontario;

"Shares" means all classes of shares of Central.

Words importing the singular include the plural and vice versa; words importing individuals include corporations and vice versa.

2. The meaning of any words or phrases defined in the Credit Union Incorporation Act, the Company Act, the Financial Institutions Act, or the Interpretation Act shall, if not inconsistent with the subject or context, bear the same meaning in these Rules.

3. The rules of construction contained in the Interpretation Act shall apply, with the necessary changes, to the interpretation of these Rules.

ARTICLE 2 - MEMBERSHIP

1.
 - (a) Membership shall be limited to incorporated organizations which qualify as Class A Members, Class B Members or Class C Members;
 - (b) If an applicant for membership is not a credit union incorporated under the Credit Union Incorporation Act or the Credit Union Act or a co-operative incorporated under the Co-operative Association Act, the Directors may designate the class of membership to which an applicant may be admitted in accordance with the definitions of Class A Member, Class B Member and Class C Member.
2. Every application for membership shall be in the form prescribed by the Directors.
3.
 - (a) The Directors or a committee appointed by the Directors shall consider every application for membership and shall accept or reject the application;
 - (a.1) An applicant for Class C Membership shall demonstrate, to the satisfaction of the Directors or a committee appointed by the Directors that granting membership to the applicant is in the best interests of Central;
 - (b) Where an application for membership is considered by a committee appointed by the Directors, the committee shall at the next following meeting of the Directors

report on the disposition of each application for membership dealt with by the committee since the last preceding meeting of the Directors;

- (c) If the application is rejected, Central shall forthwith notify the applicant.
4. Each Member shall furnish to Central a copy of its annual financial statement and other reasonable statistical information in the manner and at the time required by the Directors.
5. (a) A Class A Member incorporated in British Columbia may withdraw from Membership, if and only if that Member ceases to be a credit union incorporated under the *Credit Union Incorporation Act* by giving notice, in writing, to Central;
- (b) A Member other than a Class A Member referred to in Rule 5(a) of this Article may withdraw from membership in Central by giving notice, in writing, to Central;
- (c) A Member who has given notice pursuant to this Rule becomes an Auxiliary Member, on receipt of the notice by Central;
- (d) Central may terminate the membership of a Member, in accordance with the *Credit Union Incorporation Act* and these Rules;
- (e) A Member becomes an Auxiliary Member upon termination of its membership;
- (f) Until Central redeems all of the Shares of an Auxiliary Member, the Auxiliary Member shall retain the rights, privileges and obligations of membership of that class of Members to which the Auxiliary Member belonged immediately prior to becoming an Auxiliary Member.
6. Where a Member is the holder of fewer than the number of paid up Shares which have been allotted to it by these Rules, the Directors may in their discretion serve upon the Member a notice in writing that the Member is required within one month from the date of service of the notice to subscribe and pay in full for the Shares so allotted, and where the Member fails to comply with this requirement, the Directors may by resolution terminate the membership of the Member and Central shall there upon serve the person whose membership has been terminated with the notice of the termination.
7. Neither a Member nor an Auxiliary Member is, except with the consent of the Directors, entitled to the redemption of its Shares.
8. An Auxiliary Member is entitled to a refund of the amount of money it has on deposit and interest credited thereon, subject to completion of the term of a term deposit, and subject to any lien or charge that Central has against its deposits and interest and the refund discharges Central from all further liability with respect to the deposit and interest credited thereon.
9. (a) An Auxiliary Member is entitled, subject to Rule 7 of this Article, to receive the value of the Class A Shares, Class B Shares and Class C Shares held by the Auxiliary Member, such value not to exceed their par value, and dividends credited thereon, subject to any lien or charge that Central has against the shares and dividends;
- (a.1) An Auxiliary Member is entitled, subject to Rule 7 of this Article, to receive one hundred (100.00) dollars for each Class E Share held by the Auxiliary Member and dividends credited thereon, subject to any lien or charge that Central has against the shares and dividends;

- (b) Central and an Auxiliary Member will negotiate the value and term of repayment of an Auxiliary Member's Shares, within 60 days of the date on which it ceases to be a Member of Central;
 - (c) If, within 60 days or such longer period as may be mutually agreed upon by Central and the Auxiliary Member, Central and the Auxiliary Member cannot agree on the value and the term of repayment of an Auxiliary Member's Shares, the determination of the value and the term of repayment shall be submitted to binding arbitration by a single arbitrator in accordance with the Commercial Arbitration Act of British Columbia;
 - (d) Upon payment to the Auxiliary Member of the value of the Auxiliary Member's Shares determined by these Rules and dividends credited thereon, Central is discharged from all further liability in respect of those Shares and dividends and the Auxiliary Member ceases to be an Auxiliary Member.
10. (a) Any Member of Central which does not subscribe and fully pay for Shares allotted to it or does not pay its dues without having been excused shall be deemed not to be in good standing;
- (b) A Member not in good standing is not entitled
- (i) to a vote in respect of any matter, including the election of a Director, or
 - (ii) to nominate any person for election as a Director.

ARTICLE 3 - CAPITAL AND LIABILITY

1. (a) The number of Class A Shares that may be held by Class A Members is unlimited;
- (b) The number of Class B Shares that may be held by Class B Members is unlimited;
- (c) The number of Class C Shares that may be held by Class C Members is unlimited;
- (d) The number of Class E Shares that may be held by a Class A Member is unlimited.
- 1.1 (a) Class A Shares, Class B Shares and Class C Shares have a par value of one (1) dollar per share;
- (b) Class E Shares have a par value of one (1) cent per share.
2. (a) (i) Each Class A Member which has not given notice to withdraw from membership is deemed to have subscribed for and, subject to clause (b) of this Rule, is required to fully pay for and hold such numbers of Class A Shares and Class E Shares as determined from time to time by the Directors;
- (ii) Each Class B Member is deemed to have subscribed for and, subject to clause (b) of this Rule, is required to fully pay for and hold Class B Shares as determined by the Directors from time to time;

- (iii) Each Class C Member is deemed to have subscribed for and, subject to clause (b) of this Rule, is required to fully pay for, and hold Class C Shares as determined by the Directors from time to time;
 - (iv) Subject to Rule 5 of this Article, a determination of the Directors with respect to the number of Class A Shares that a Class A Member must fully pay for and hold pursuant to sub-clause (i) shall be made rateably, on the basis of the consolidated assets of the Class A Member at the immediately preceding fiscal year-end of the Class A Member;
- (b) Each Member shall upon notice of allotment to it of any Shares deemed to have been subscribed for by the Member pay the purchase price of the Shares so allotted forthwith to Central.
- 3. (a) The Directors, in their discretion, may authorize the redemption of Shares held by a Class A Member, a Class B Member, or a Class C Member, provided that the total number of Members is not reduced as a result of such redemption to less than ten;
- (b) Except upon withdrawal from or termination of membership or the exercise of a lien pursuant to these Rules, no redemption of Shares shall be permitted which would reduce the total number of Shares held by any Member below the number of Shares required to be held by that Member pursuant to these Rules.
- 4. (a) (i) A fully paid Class A Share or Class E Share may, with the consent of the Directors, be transferred by a Class A Member to another Class A Member;
- (ii) A fully paid Class B Share may, with the consent of the Directors, be transferred by a Class B Member to another Class B Member;
- (iii) A fully paid Class C Share may, with the consent of the Directors, be transferred by a Class C Member to another Class C Member.
- 5. The Directors may differentiate between Members or Members of a Class in the amount of Shares to be allotted and in the time of payment therefor.
- 6. (a) Central may, but shall not be obliged to, issue a certificate for Shares held by a Member;
- (b) Central shall upon request of a Member deliver to it a statement in writing setting forth the number of Shares and the kind or Class thereof held by that Member and stating the amount paid up thereon.
- 7. Central has a lien on the amount invested in Shares by and deposits of a Member, together with dividends and interest thereon, for any indebtedness due or accruing due to Central by that Member, or for any obligation in respect of the indebtedness, and the Shares and deposits may not be redeemed or withdrawn unless Central consents.
- 8. Central may apply any amount invested in Shares and deposits and dividends and interest thereon on which it has a lien or charge to any indebtedness of the Member which is on deposit, or to any obligation in respect of the indebtedness, without notice to the Member.
- 9. (a) In the event of the liquidation, dissolution or winding up of Central, any surplus of Central shall be distributed rateably and proportionally among the holders of

Class A Shares, Class B Shares, Class C Shares, and Class E shares according to the number of Shares held;

- (b) Notwithstanding Rule 9(a) of this Article, in the event of the liquidation, dissolution or winding up of Central, the amount paid to a Member in respect of each Class E Share held by that Member shall not exceed one hundred dollars (\$100) per share.

10. A statutory declaration in writing that the declarant is a Director of Central and that a Share in Central has been forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons and corporations claiming to be entitled to the Share, and that declaration and the receipt of Central for the consideration, if any, given for the Share on the sale or disposition thereof shall constitute a good title to the Share.

11. Any amount remaining unpaid on account of the purchase price of Shares shall bear interest from the due date for payment at the prevailing rate of interest charged on monies loaned by Central to Class A Members which are repayable on demand.

12. (a) If a Class A Member amalgamates with another Class A Member, the amalgamated corporation shall be deemed to have applied for and to have been admitted to membership in Central as a Class A Member on the issuance of the certificate of amalgamation, and the amalgamated corporation shall be deemed to have subscribed for and, subject to Rule 2(b) of this Article, is required to pay for and hold that number of Class A Shares and Class E Shares that is equal to the aggregate of the number of Class A Shares and Class E Shares held by each of them;

(b) If a Class A Member purchases all of the assets of one or more Class A Members, the assets of all of those Members shall be aggregated and the acquiring Class A Member shall be deemed to have subscribed for and, subject to Rule 2(b) of this Article, is required to pay for and hold that number of Class A Shares and Class E Shares that is equal to the aggregate of the number of Class A Shares and Class E Shares held by each of them;

(c) If a Class A Member purchases a part only of the assets of another Class A Member, the assets purchased and the assets of the acquiring Class A Member shall be aggregated and the acquiring Class A Member shall be deemed to have subscribed for and, subject to Rule 2(b) of this Article, is required to pay for and hold that number of Class A Shares and Class E Shares that is equal to the aggregate of the number of Class A Shares and Class E Shares held by the acquiring Class A Member and the Class A Member being acquired, pro-rated in the case of the latter on the basis of assets purchased.

ARTICLE 4 - DUES AND FEES

1. (a) Central may assess and levy upon Class A Members only, dues for the purpose of financing and defraying expenses and costs of Central in providing services to Class A Members, including the costs and expenses of attendance at meetings by Delegates of Class A Members, at a rate or in an amount not exceeding the rate or amount determined in accordance with the formula determined by the resolution;

- (b) The Delegates of Class A Members shall determine for the period specified by resolution the dues to be levied upon each Class A Member or shall determine the formula by which dues are to be assessed and levied for that period;
- (c) A dues resolution considered pursuant to Rule 1 of this Article may be considered at a meeting of Class A Members or at a general meeting of Central, in either case notice of which not less than eighteen (18) clear days shall have been given or by mail ballot or by such other means as may be permissible by law and approved by the Directors;
- (d) Central may assess and levy upon those Class A Members having their head office in British Columbia, dues for the purpose of financing and defraying expenses and costs in conjunction with the provision of services to or on behalf of those Class A Members only, at a rate or in an amount not exceeding the rate or amount determined in accordance with the formula determined by the resolution;
- (e) Dues assessed and levied pursuant to Rule 1(a) and Rule 1(d) of this Article shall be based upon the membership of each Class A Member, without limitation, to which the resolution applies;
- (f) Central may assess and levy upon those Class A Members having their head office in Ontario, dues for the purpose of financing and defraying expenses and costs in conjunction with the provision of services to or on behalf of those Class A Members only, at a rate or in an amount not exceeding the rate or amount determined in accordance with the formula determined by the resolution;
- (g) Dues assessed and levied pursuant to Rule 1(f) of this Article shall be based upon the membership and the assets of each Class A Member to which the resolution applies;
- (h) Central shall notify Class A Members in writing of the amount of the dues assessed pursuant to Rule 1(a), Rule 1(d) and Rule 1(f), as the case may be, for the period specified in the resolution and the dues shall be due and payable to Central within sixty (60) days of the date of the notice or at any later date or dates and in the amount or amounts as the notice may specify, provided always that the Directors may, upon written application from a Class A Member which is subject to payment of dues pursuant to this Article, permit the Class A Member to pay its dues on any basis, or excuse payment of its dues, in whole or in part, as the Directors in their discretion may deem fit;
- (i) Any amount of dues received by Central in any fiscal year and not required for the purposes referred to in the resolution by which the dues were assessed and levied shall be treated as part of the general funds of Central;
- (j) Notwithstanding Rule 1(b) of this Article, only Class A Members having their head office in British Columbia are entitled to vote on a dues assessment to be considered pursuant to Rule 1(d) of this Article and only Class A Members having their head office in Ontario are entitled to vote on a dues assessment to be considered pursuant to Rule 1(f) of this Article.

2. Any amount of dues remaining unpaid by a Class A Member after the expiration of sixty (60) days from the date of notice or such later date as the notice may specify for payment shall bear interest at a rate of interest specified by the Directors.

3. Central may charge such fees for services provided by it as principal or agent as the Directors may from time to time determine.
4. Notwithstanding Rule 3 of this Article, on payment transactions products and services offered by Central, Central shall charge each Class A Member the same per unit amount for the processing of paper items, electronic items and, other technology and payment processing services, regardless of volume.
 - 4.1 Notwithstanding Rule 4 of this Article, where Central acquires all of the assets and assumes all of the liabilities of a central credit union or a corporation which, in the opinion of the directors conducts its operations in a manner similar to a central credit union, incorporated under the laws of another jurisdiction and that central credit union or corporation, as the case may be, had previously entered into a contract or an agreement with any of its member credit unions under which contract or agreement that member credit union is charged less than the per unit amount for the processing of paper items, electronic items and other technology and payment processing services than that charged to its other member credit unions, Central shall provide such technology and other payments processing services at the rate or rates provided by such contract or agreement and Central shall not be required to charge each Class A Member the same per unit amount for the processing of paper items, electronic items and other technology and payment processing services but under no circumstance shall Central extend or renew any such contract or agreement.
5. Notwithstanding Rule 1 of Article 11 but subject to Rule 2(a) and Rule 7 of Article 11, dues to be assessed and levied on Class A Members pursuant to Rule 1(a) and Rule 1(d) of this Article shall be determined by majority vote of those Class A Members entitled to vote on the resolution, on the basis of one vote for each 100 members of the Member and dues to be assessed and levied on Class A Members pursuant to Rule 1 (f) of this Article shall be determined by majority vote of those Class A Members entitled to vote on the resolution, on the basis of one vote for each 1000 members of the Member.

ARTICLE 5 - DEPOSITS

1. A Class A Member shall maintain on deposit with Central at least that amount that the Member is required by a regulatory body of competent jurisdiction to maintain in liquid form, excluding that amount maintained in cash, in satisfaction of the requirements of the legislation under which the Class A Member is incorporated.
 - 1.1 Central may allow and pay interest on money on deposit with it at a rate or rates or within a range of rates as the Directors may determine from time to time and the Directors may prescribe different rates or ranges of rates of interest for different terms and conditions upon which deposits are made and the Directors may authorize an officer or officers of Central to fix the rate of interest on deposits within a range specified by the Directors.
 - 1.2 Notwithstanding Rule 1.1 of this Article, Central shall pay the same prevailing rate of interest on monies deposited for the same term and on the same conditions by Class A Members in satisfaction of the regulatory requirements specified in Rule 1 of this Article.
 - 1.3 Notwithstanding Rule 1.2 of this Article, where Central acquires all of the assets and assumes all of the liabilities of a central credit union or a corporation which, in the opinion of the directors conducts its operations in a manner similar to a central credit union, incorporated under the laws of another jurisdiction and that central credit union or corporation, as the case may be, had previously entered into a contract or an agreement with any of its member credit unions that provide for interest to be paid on deposits with that central credit union or corporation, as the case may be, at a rate or rates which are more favourable to that credit union than the prevailing rate referenced in Rule 1.2 of this Article, Central shall pay interest on

money on deposit with Central at a rate or rates in accordance with any such contract or agreement assumed by Central, until the expiration of such contract or agreement and Central shall not be required to pay the same prevailing rate of interest on monies deposited for the same term and on the same conditions by other Class A Members but under no circumstance shall Central extend or renew any such contract or agreement.

2. When a Member from whom monies have been received on deposit ceases to be a Member, monies so received together with accrued interest (if any) shall, after deduction of any money owing by the Member to Central be repaid to that Member.

3. (a) Monies deposited for a fixed period or a renewable term shall, after the expiration of the fixed period or term or any renewal thereof, be deemed to be monies withdrawable on demand;

(b) Monies withdrawable on demand may be withdrawn on any day when Central is open for business, subject to the right of the Directors to require thirty (30) days notice of intention to withdraw the whole or any part of the monies.

4. Central may levy charges on Members for the use made of deposit accounts, as the Directors may from time to time determine.

5. All payments with respect to deposits or loans shall be evidenced by such documents as the Directors may require.

6. Central shall supply to each Member a statement of account from time to time as may be determined by the Directors with respect to deposits withdrawable on demand.

ARTICLE 6 - LOANS

1. Every application for a loan shall be in a form prescribed by the Directors and be accompanied by the most recent financial statement of the applicant.

2. All applications for loans which are granted shall be kept on file by Central for a period of at least one year after the loan or any extension of refinancing thereof has been repaid and thereafter Central shall have no further obligation to the Member or any other obligant to retain the application or any material pertaining thereto.

3. The Directors shall determine the terms and conditions of loans as to interest and other charges, term, repayment and any security.

3.1 Notwithstanding Rule 3 of this Article, Central shall charge the same prevailing rate of interest on loans under the same type of credit facility, for the same term and on comparable security to Class A Members.

4. (a) The Directors may appoint:

(i) one or more credit committees; and

(ii) one or more credit officers who must be employees of Central;

(b) The Directors may prescribe the duties of a credit committee and a credit officer and may delegate the power to lend money and their powers under Rule 3 to a credit committee or credit officer, subject to any conditions the Directors may impose;

- (c) Every credit committee and every credit officer shall report to the next succeeding meeting of the Directors the disposition of all loans and applications for loans dealt with since the last preceding meeting of the Directors.

ARTICLE 7 - BORROWING POWER AND FINANCIAL POWERS

1. The Directors shall have all the powers of Central to raise and borrow money in such manner and upon such security, if any, as the Directors think fit, subject to confirmation by the Members of Central only if confirmation is required by statute.
2. The Directors shall have all the powers of Central to mortgage, pledge and charge all or any of the property, undertaking and assets of Central, present and future, to secure the payment or repayment of any obligation or obligations of, or undertaken by, Central.
3. The Directors shall have the power on behalf of Central to authorize the issue of a debenture or debentures from time to time with or without security and to enter into, execute and deliver every manner of obligation, document or security within the power of Central to undertake, issue or grant.
4. All payments, including withdrawals of money by Members other than for petty cash items, shall be by cheque or bill of exchange or by a form of voucher approved by the Directors.

ARTICLE 8 - RESERVES AND DISTRIBUTION OF SURPLUS

1.
 - (a) The Directors shall set up reserves as required by statute and any further and other reserves as they may deem necessary or advisable;
 - (b) A general meeting may by ordinary resolution direct that reserves be set up in addition to those provided in Rule 1(a).
2. The Directors shall fix the rate or rates, if any, of dividends or interest, or both, to be paid on a Share out of net earnings or out of monies available for that purpose and may authorize the payment and distribution of the dividend or interest, or both, on the Share paid up to the end of the preceding fiscal year or for such fractional part or parts of the preceding fiscal year as the Directors may specify in the resolution.
 - 2.1 Dividends on Shares are non-cumulative.
3. The Directors may fix and authorize the payment and distribution of an interim dividend or interest on a Share or an advance on account of dividend or interest on a Share or any Class of Shares paid up to a date specified in the resolution provided that the payment of an interim dividend or an advance on account of dividend or interest on a Share appears to the Directors to be justified by the net earnings of Central, after provision as in the opinion of the Directors is due and proper has been made for statutory and other reserves.
4. If, at the end of any fiscal year, it is determined that after the establishment of reserves, net earnings are not sufficient to cover an interim dividend or interest on a Share or an advance on account of dividend or interest on a Share already paid, each Member shall repay to Central all or part of the interim dividend or interest on a Share or an advance on account of dividend or interest on a Share paid to that Member as the Directors in a notice sent to the Member specify as being required to ensure that dividends or interest on Shares are paid only out of net earnings or out of monies available for that purpose and the amount due from the Member to

Central may be set off against Shares and deposits standing to the credit of the Member with Central.

5. After establishment of reserves and payment of dividends or interest on shares, or both, have been provided for, the Directors may authorize distribution of any portion of the net earnings then remaining undistributed by payment of patronage dividends to Members or class of Members

- (a) in respect of their borrowings in the year, on the terms that each Member or class of Member is entitled to or will receive payment thereof, computed at a rate or rates in relation to
 - (i) the amount of interest payable by the Member or class of Member on money borrowed from Central,
 - (ii) the amount of money borrowed by the Member or class of Member from Central,

and the rate or rates shall be the same as the rate or rates at which amounts were similarly credited in the year to each other Member or class of Member who paid interest to or borrowed money from Central with appropriate differences for different types or purposes of borrowings, security and rates of interest payable thereon in the year;

- (b) in respect of their money on deposit in the year, on the terms that each Member or class of Member is entitled to or will receive payment thereof, computed at a rate or rates in relation to
 - (i) the amount of interest payable to the Member or class of Member on money on deposit, or
 - (ii) the amount of money on deposit by the Member or class of Member,

and the rate or rates shall be the same as the rate or rates at which amounts were similarly credited in the year to each other Member or class of Member to whom interest was payable or with money on deposit with Central, with appropriate differences for different types or terms of deposits and rates of interest payable thereon in the year; and

- (c) in respect of goods or services provided to the Member or class of Member in the year computed at a rate or rates in relation to
 - (i) the quantity, quality, or value of the goods or services provided by or provided to each Member,
 - (ii) the fees paid by each Member for goods or services,

and the rate or rates shall be the same as the rate or rates at which amounts were similarly credited in the year to each other Member or class of Member who obtained goods or services with appropriate differences for different classes, grades, or qualities of goods or services.

ARTICLE 9 - AUDITOR AND FISCAL YEAR

1. The Members shall appoint an auditor at each annual general meeting.

2. The auditor shall from time to time submit reports and give information to the Directors as may be requested by the Directors.
3. The fiscal year of Central shall end on the thirty-first day of December of each year.

ARTICLE 10 - MEETINGS

1. In each fiscal year, Central shall hold an annual general meeting, not more than 135 days after its fiscal year end, on a date and at such location as shall be determined by the Directors.
2. In addition to the annual general meeting of Central required to be held in accordance with Rule 1, general meetings may be held at such times and at such locations as shall be determined by the Directors.
 - 2.1 Central may hold a general meeting or a special meeting of members by holding two or more meetings at different places and times, which meetings together constitute a single meeting and which meetings may be conducted by such electronic means as may be permitted by law, in accordance with such procedures as the Directors may determine.
3. The Directors may, whenever they think fit, and shall, upon a written requisition of not less than ten per cent of any class of Members, call a meeting of that class of Members and the notice shall specify the place, the day and the hour of the meeting and the general nature of the business to be considered and dealt with thereat.
4.
 - (a) Subject to Rule 4 (b) at any meeting of the Members or any class of Members of Central, Delegates representing one-tenth of the Members or class of Members shall constitute a quorum;
 - (b) If a quorum is not present within one hour of the time set for the commencement of the meeting, the meeting shall stand adjourned to a time and place determined by the Chairperson without further notice being required to be given and at that adjourned meeting, the Delegates present representing Members, notwithstanding that they represent less than one-tenth of the Members or class of Members, shall constitute a quorum.
5. Except as to these Rules and any special rules adopted during any meeting, the conduct of all meetings of Central shall be governed by the current edition of Robert's Rules of Order, Newly Revised.
6. A notice of every general meeting and every class of Members' meeting shall be given by Central to every Member entitled to be present thereat and the provisions of the Financial Institutions Act, the Credit Union Incorporation Act, and the Company Act for giving and receipt of notices of general meeting shall apply.

ARTICLE 11 – VOTING

1.
 - (a) On any roll call or ballot vote, each Delegate representing a Class A Member shall be entitled to cast one vote for each Class A Share held by that Member;
 - (b) A Delegate representing a Class B Member may cast one vote for each Class B Share held by that Member, on any matter on which a Class B Member is entitled

8. The Directors may determine, from time to time, that a resolution, including a special resolution, shall be considered either by mail ballot or such other electronic means as may be permitted by law, but no resolution considered pursuant to this Rule may also be considered at a general meeting.

9. A Member voting pursuant to Rule 8 of this Article is entitled to vote on such matters as such Member would have been entitled to vote, had the vote been taken at a general meeting.

10. The Directors shall determine the procedures for any vote taken at other than a general meeting.

ARTICLE 12 - DELEGATES

1.
 - (a) Every Member is entitled to be represented at any general meeting of Central by one Delegate;
 - (b) Every Member of a designated class is entitled to be represented at any meeting of that class of Member of Central by one Delegate;
 - (c) Every Class A Member within a peer group is entitled to be represented at a meeting of that group by one Delegate.
2.
 - (a) A Delegate shall be a person appointed by an instrument executed by or on behalf of the Member and delivered to Central, effective upon receipt by Central appointing that person to represent the Member at a meeting or meetings and any adjournment of the meeting or meetings;
 - (b) The instrument appointing a Delegate referred to in Rule 2(a) may also appoint an Alternate Delegate to represent the Member and, in the absence of the Delegate of the Member, the Alternate Delegate shall be the Delegate and, subject to the Rules, exercise all the powers of a Delegate;
 - (c) No Alternate Delegate shall exercise any rights of the Member by whom the Alternate Delegate is appointed in any proceeding at any meeting to which the instrument by which that person is appointed relates on any occasion during the meeting or any adjournment thereof, where the Delegate is present in the room in which the meeting is being held, whether or not the Delegate is willing to participate in the meeting or to exercise any rights of the Member thereat;
 - (d) A Delegate, or as permitted under this Rule, an Alternate Delegate must, unless the Member whom that person represents has only corporate members, be a member of the Member whom that person represents;
 - (e) A Delegate or an Alternate Delegate shall represent the Member who appointed the Delegate or Alternate Delegate until the appointment of the Delegate or Alternate Delegate is revoked by the Member;
 - (f) An appointment of a Delegate or an Alternate Delegate may be altered or terminated by an instrument in writing executed by or on behalf of the Member and delivered to Central, effective upon receipt of the instrument by Central.

3. (a) Each Delegate of a Class A Member shall be entitled to a per diem allowance for each day that the Delegate is in attendance at a general meeting of Central together with a travel and accommodation allowance in an amount determined by the Directors of Central;
- (b) Notwithstanding Rule 2(b), no Alternate Delegate shall be entitled to any per diem allowance for any day for which a Delegate of a Member receives a per diem allowance.

ARTICLE 13 - ELECTIONS

1. There shall be sixteen Directors but, if that number is reduced by death, resignation, disqualification or removal from office or by failure of a Director being elected or appointed pursuant to these Rules, the remaining Directors, save as provided by any other provision in these Rules, shall have all of the powers of the Directors, until the vacancy or vacancies caused thereby have been filled by appointment or election.

2. (a) A Director elected by reason of expiration of the term of any Director shall hold office for three years unless a shorter term is provided by these Rules or designated or determined at the time of election;
- (b) Save as provided by these Rules, a Director shall hold office for the term of office designated or determined pursuant to these Rules or until the Director's successor in office is elected or appointed;
- (c) Notwithstanding any other provision of these Rules, a Director appointed pursuant to Rule 4 (d) of this Article shall hold office until the close of Central's Annual General Meeting in 2010.

3. Every Director

- (a) elected under Rule 4 (a) or Rule 4(b) shall take office at the conclusion of the annual general meeting next following that person's election;
- (b) appointed under Rule 4 (c) or Rule 20 of this Article shall take office upon receipt by Central of the instrument appointing that person.

3.1 The five Directors appointed under Rule 4(d) of this Article shall take office on the date on which Central's purchase of all of the assets and its assumption of all of the liabilities of Credit Union Central of Ontario Limited is effective.

3.2 Every Director

- (i) elected to fill the expiring term of office of a person elected pursuant to Rule 4.1 of this Article or
- (ii) elected to fill the expiring term of office of the successor in office to a person elected pursuant to Rule 4.1 of this Article

shall take office at the conclusion of Central's annual general meeting next following that person's election.

4. There shall be:
 - (a) one Director elected by the Delegates of the Class A Members who constitute each of Peer Group One, Peer Group Two, Peer Group Three, Peer Group Four and Peer Group Six;
 - (b) two Directors elected by the Delegates of the Class A Members who constitute Peer Group Five;
 - (c) two Directors appointed by each Class A Member holding in excess of fifteen percent (15%) of Central's total outstanding Class A Shares as at December 31, 2004; and
 - (d) five Directors appointed by Credit Union Central of Ontario Limited in accordance with the provisions of a combination agreement entered into between Central and Credit Union Central of Ontario Limited, under date of May 8, 2007.
- 4.1 (a) Not more than 90 days prior to Central's annual general meeting in 2010, the Class A Members comprising the Ontario Region shall elect five (5) Directors, whose initial terms of office shall be as follows:
 - (i) two (2) Directors shall be elected to one-year terms of office;
 - (ii) two (2) Directors shall be elected to two-year terms of office; and
 - (iii) one (1) Director shall be elected to a three year term of office;
- (b) On the expiration of the term of office of a Director elected pursuant to Rule 4.1 (a) of this Article, the Class A Members comprising the Ontario Region shall elect a person or persons qualified by these Rules to fill the expiring term or terms of office, as the case may be, to hold office for three years.
5. (a) A Director elected by the Class A Members comprising a peer group shall, at the time of election, be a member of a Class A Member that belongs to the peer group for which the election is to be held;
- (b) A Director appointed pursuant to Rule 4 (c) or Rule 20 of this Article shall, at the time of appointment, be a member of the Class A Member appointing the Director.
6. Subject to Rule 5 of this Article, a Director whose term of office is expiring is eligible for re-election or re-appointment.
7. A person appointed as a Director pursuant to Rule 4 (c) or Rule 20 of this Article may be removed from office at the discretion of the Member appointing that Director.
8. (a) Notwithstanding Rule 2 of this Article, if a person was a director or an officer of a Member at the time of his or her election as a Director, and that person ceases to be a director or an officer of that Member, the Delegates of the Class A Member who constitute the Peer Group that elected the Director shall, at the next meeting of that Peer Group, confirm in office or remove from office that Director, by ordinary resolution;

- (b) If the term of office of a Director is terminated by resolution adopted pursuant to Rule 8 (a) of this Article, a qualified person shall be elected to fill the balance of the term of office of the person whose term of office was terminated, in accordance with the provisions of these Rules and the regulations of the peer group.
- 8.1
 - (a) Notwithstanding Rule 8 of this Article, if a Director appointed pursuant to Rule 4 (d) or elected pursuant to Rule 4.1 of this Article ceases to be a director or an officer of a Class A Member that belongs to the Ontario Region, that person shall be confirmed in office or be removed from office by the Delegates of the Class A Members that comprise the Ontario Region, by ordinary resolution, at Central's next following annual general meeting, by mail ballot or by such electronic means as the Directors may determine;
 - (b) If, pursuant to Rule 8.1(a), a Director appointed pursuant to Rule 4 (d) or elected pursuant to Rule 4.1 of this Article is removed from office, the unexpired term of office of that person shall be filled by the Class A Members that comprise the Ontario Region, at Central's next following annual general meeting, by mail ballot or by such electronic means as the Directors may determine;
 - (c) An election held pursuant to Rule 8.1(b) of this Article shall be conducted on the same basis as the Director whose term of office is terminated was elected by the members of Credit Union Central of Ontario Limited or the Class A Members that comprise the Ontario Region, as the case may be, and, to the extent possible, that election shall be held in accordance with the provisions of this Article.
- 9.
 - (a) A Director to be elected pursuant to Rule 4 (a) or Rule 4 (b) of this Article may be elected by the Delegates representing Class A Members at a meeting of the Class A Members which belong to the peer group from which the Director is to be elected;
 - (b) Subject to any regulation to the contrary adopted by a peer group pursuant to Rule 13 of Article 16, unless the meeting so determines, nominations of persons in an election to fill a term of office pursuant to Rule 4 (a) or Rule 4 (b) of this Article shall not close less than fifteen (15) minutes after the commencement of a meeting at which the election is to take place.
- 10.
 - (a) At least ninety (90) days prior to a general meeting of Central at which the term of office of a Director elected pursuant to Rule 4 (a) or 4 (b) of this Article is to expire, the Executive Committee of the Peer Group shall:
 - (i) notify all Class A Member of that Peer Group and the Secretary of Central that an election is to take place, specifying the term of office which is expiring; and
 - (ii) invite the submission to it, in writing, of nominations, prior to the date on which the regulations of the Peer Group provide that nominations shall close, which date shall be specified in the notice;
 - (b) The Executive Committee of a Peer Group shall receive all nominations submitted to it up to the close of nominations and shall place or cause to be placed before the meeting at which the election is to take place, the names of all nominees who are qualified to be elected to the office for which they are nominated;

- (c) At least ninety (90) days prior to a general meeting of Central at which the term of office of a Director appointed pursuant to Rule 4 (c) of this Article is to expire, the Secretary of Central shall notify the Class A Member who appointed the Director that the Director's term of office is expiring and invite that Class A Member to appoint as a Director a person qualified by these Rules to be a Director.
- 10.1 (a) At least ninety (90) days prior to a general meeting of Central at which the term of office of a Director appointed pursuant to Rule 4 (d) of this Article or a Director elected pursuant to Rule 4.1 of this Article is to expire, the Secretary of Central shall:
- (i) notify all Class A Members comprising the Ontario Region that an election is to take place, specifying the term or terms of office which is or which are expiring; and
 - (ii) invite the submission to the Secretary, in writing, of nominations, prior to the date on which nominations shall close, which date shall be specified in the notice and which date shall be 45 days prior to the general meeting at which the term or terms of office will expire;
- (b) The Secretary of Central shall receive all nominations submitted up to the close of nominations and shall advise all Class A Members entitled to vote in the election of the names of all nominees who are qualified to be elected to the office for which they are nominated, at least 30 days prior to the general meeting at which the term or terms of office will expire.

11. Every nomination in respect of a term of office to be filled pursuant to Rule 4 (a), Rule 4 (b), Rule 4.1 or Rule 15.1 of this Article shall be in writing in a form specified by Central, setting forth:

- (i) the name and place of ordinary residency of the nominee;
- (ii) the Members of Central of which the nominee is a member;
- (iii) the names and principal place of business of the Members who are the nominators;
- (iv) a statement by the nominee accepting the nomination;

and shall be signed by the nominee and on behalf of two nominators.

12. A Director to be elected pursuant to Rule 4 (a), Rule 4 (b), Rule 4.1 or Rule 15.1 of this Article shall be nominated by two Class A Members belonging to the peer group from which the Director is to be elected.

13. The following procedures shall be followed with respect to the election of Directors pursuant to Rule 4 (a) or Rule 4 (b) of this Article:

- (a) After the nominations received by the Executive Committee of the Peer Group have been placed before the meeting, the names of all nominees may be placed on ballots or the names of all nominees may be written or printed on a blackboard, large paper or by any other method plainly disclosed to the meeting and the chairperson of the meeting may assign number to each nominee by which the nominee may be designated;

- (b) Tellers shall be appointed by the chairperson of the meeting and ballots shall be distributed;
- (c) The form of ballot shall be determined from time to time by the chairperson of the meeting at which an election is to take place;
- (d) Notwithstanding anything contained in these Rules, if the number of persons nominated to be elected at the meeting is equal to or less than the number of Directors for which an election is to be held, the chairperson of the meeting may declare those persons nominated to have been elected unanimously as a Director or Directors without the necessity of a vote;
- (e) All elections shall be by secret ballot;
- (f) Ballots shall be distributed to each Delegate representing a member entitled to vote in accordance with the number of votes that the Delegate is entitled to cast in the election and, after distribution of the ballots, a vote shall be taken;
- (g)
 - (i) After the voting has been completed, the ballots shall be collected and tallied by the tellers and reported to the chairperson of the meeting,
 - (ii) Those persons nominated for each vacancy for which an election is held and receiving the largest number of votes for that vacancy shall be duly elected,
 - (iii) If a number of votes is found by the tellers to be equal for any two or more nominees for any vacancy for which an election is held and an additional vote would entitle any one of them to be elected, the chairperson of the meeting shall, by casting vote, whether or not he has already voted, decide which of the nominees for whom the votes are equal shall be elected;
- (h) The results of the election shall be announced by the chairperson of the meeting and the declaration of the chairperson of the meeting as to which nominees are elected for each vacancy for which an election was held and for whatever term they are elected shall, unless challenged immediately after the declaration, be conclusive evidence of the fact without proof of the number or proportion of the votes cast in favour of or against any nominee or any person elected;
- (i) If persons are to be elected for different terms of office on the same ballot, the term of office of each person elected shall be determined in accordance with the number of votes received, with the person elected and receiving the greatest number of votes to hold office for the longest term, and the person elected and receiving the least number of votes to hold office for the shortest term for which an election is held.

13.1 The following procedures shall be followed with respect to the election of Directors pursuant to Rule 4.1 or Rule 15.1 of this Article:

- (a) The names of all nominees shall be placed on a ballot and a ballot shall be distributed, electronically or by such other means as the Directors may approve, to each Class A Member entitled to vote in the election;

- (b) A Chief Returning Officer and tellers shall be appointed by the Secretary and ballots shall be returned to the Chief Returning Officer not less than fourteen days prior to the general meeting at which the term of office of the Director or Directors in respect of which the term of office is expiring;
- (c) If more than one Director is to be elected on the same ballot, the term of office of each person elected shall be determined in accordance with the number of votes received by that person, with the person elected and receiving the greatest number of votes to hold office for the longest term, and the person elected and receiving the least number of votes to hold office for the shortest term for which an election is held;
- (d)
 - (i) If any of the terms of office to be filled are to be filled on the basis of one Member/ one vote, those persons receiving sufficient votes to be elected on the basis of votes cast in proportion to the Class A Shares held by those Class A Members comprising the Ontario Region shall be deemed to have been elected;
 - (ii) Following the determination of which nominee or nominees have been elected on the basis of votes cast in proportion to Class A Shares held, the tellers shall determine which of the remaining candidates received the greatest number of votes, on the basis of one Member/ one vote, with the person receiving the greatest number of votes being elected. If more than one vacancy is to be filled, the nominee receiving the greatest number of votes cast, on the basis of one Member/ one vote, shall be elected to hold office for the longer term, and the person receiving the next greatest number of votes, on the basis of one Member/ one vote, shall be elected to hold office for the shorter term;
- (e) Notwithstanding anything contained in these Rules, if the number of persons nominated is equal to or less than the number of Directors for which an election is to be held, the chairperson shall declare those persons to have been elected unanimously as a Director or as Directors and a ballot vote shall be conducted to determine which of the nominees shall be declared to have been elected on the basis of a proportional vote and which nominee or nominees have been elected on the basis of one Member/ one vote;
- (f) All elections shall be by secret ballot;
- (g) If a number of votes is found by the tellers to be equal for any two or more nominees for any vacancy for which an election is held and an additional vote would entitle any one of them to be elected, the equality shall be sundered by lot;
- (h) The results of the election shall be announced by the chairperson of the meeting and the declaration of the chairperson of the meeting as to which nominees are elected for each vacancy for which an election was held and for whatever term they are elected shall, unless challenged immediately after the declaration, be conclusive evidence of the fact without proof of the number or proportion of the votes cast in favour of or against any nominee or any person elected;
- (i) A ballot must contain votes for the number of directors required to be elected and a ballot indicating another intention is void.

14. Save as in these Rules provided, the conduct of nominations and elections shall be subject to the rules of conduct as the chairperson of the meeting at which the election takes place may determine.

15. The number of votes that a Class A Member is entitled to cast in the election of a Director pursuant to Rule 4 (a), Rule 4 (b) or Rule 4.1 or on a vote pursuant to Rule 8(a) or Rule 8.1 (a) of this Article is the same number of votes that the Class A Member is entitled to cast on any roll call or ballot vote pursuant to Rule 1 of Article 11.

- 15.1 (a) Notwithstanding Rule 15 of this Article, one of the Directors elected pursuant to Rule 4.1 (i) and one of the Directors elected pursuant to Rule 4.1 (ii) of this Article shall be elected on the basis of one Member/ one vote;
- (b) On the expiration of the term of office of a Director elected in accordance with Rule 15.1 (a) of this Article or in the event of a vacancy arising on the Board of Directors as a result of the death, resignation, disqualification or removal from office of such Director, an election shall be held to fill the vacancy or unexpired term of office, as the case may be;
- (c) In an election held pursuant to the provisions of Rule 15.1 (b) of this Article, no Class A Member shall be entitled to cast more than one vote.

16. After the expiration of 30 days from the date of an election, the chairperson may destroy any ballots, tallies and other matters relating to the election and neither the chairperson nor Central shall be under any obligation to provide any particulars of an election thereafter.

17. (a) Where the office of a Director elected pursuant to Rule 4 (a) or Rule 4 (b) of this Article is vacated, a person who is qualified by the terms of these Rules shall be elected in accordance with the provisions of these Rules at the next meeting of that Peer Group, to fill the unexpired term of office of the person in respect of which the vacancy occurred;
- (a.1) Where the office of a Director appointed pursuant to Rule 4 (d) or elected pursuant to Rule 4.1 of this Article is vacated, by the death, resignation, disqualification, or removal from office of the Director, a person who is qualified by the terms of these Rules shall be elected in accordance with the provisions of Rule 8.1(b) and Rule 8.1(c), to fill the unexpired term of office of the person in respect of which the vacancy occurred;
- (b) Notwithstanding paragraph (a) of this Rule, for the purpose of providing a quorum under Rule 3 of Article 14 only, the Directors may appoint as a Director a person who is qualified by the terms of these Rules to be elected pursuant to Rule 4 (a) or Rule 4 (b), as the case may be, to fill a vacancy on the Board of Directors created by the death, resignation, disqualification or removal from office of a Director elected pursuant to Rule 4 (a) or Rule 4 (b) of this Article, as the case may be, until the next meeting of the peer group in respect of which the vacancy occurred, at which time any unexpired term of office of the person in respect of which the vacancy occurred shall be filled in pursuance of these Rules.

18. No person elected or appointed pursuant to Rule 4 of this Article, other than a person appointed pursuant to Rule 4 (c) or Rule 20 of this Article and no person elected pursuant to Rule 4.1 or Rule 15.1 shall take office as a Director if, at that time, an incumbent Director is a director or an officer of the Member of which the person is, at the time of that person's election or appointment, a director or officer.

19. (a) If, as a result of the amalgamation of a Class A Member with another Class A Member, or as a result of the acquisition by asset transfer of a Class A Member by another Class A Member, a Director is a director or officer of the same Class A Member as another Director (the "Same Credit Union Directors"), the directors of the Class A Member shall determine which of the two Same Credit Union Directors may continue in office and shall so advise Central, in writing, within thirty (30) days of the effective date of the amalgamation or acquisition;
 - (b) Upon receipt by Central of the advice referred to in Rule 19(a), within the time and in the manner referred to in that Rule, the office of the other Same Credit Union Director shall be vacated;
 - (c) If Central does not receive the advice referred to in Rule 19(a), within the time and in the manner referred to in that Rule, the Directors shall determine, not later than the next meeting of the Directors, which of the Same Credit Union Directors may continue in office and, upon such determination, the office of the other Same Credit Union Director shall be vacated.
20. If, as a result of the amalgamation of a Class A Member entitled to appoint a Director pursuant to Rule 4(c) of this Article with the other Class A Member entitled to appoint a Director pursuant to Rule 4(c) of this Article, or as a result of the acquisition by asset transfer of a Class A Member entitled to appoint a Director pursuant to Rule 4(c) of this Article by the other Class A Member entitled to appoint a Director pursuant to Rule 4(c), there shall be four Directors appointed by the Class A Member.

ARTICLE 14 - DIRECTORS

1. Regular meetings of the Directors shall be held at least once in each calendar quarter of each year unless each of the Directors waive the holding of a meeting in a calendar quarter.
2. Special meetings of the Directors may be called by the Chairperson at any time and shall be called upon the written request of at least three Directors.
3. The majority of Directors from time to time shall constitute a quorum at any meeting of the Directors but a lesser number may adjourn from time to time until a quorum is obtained, provided always that if the number of Directors is reduced below nine (9), the remaining Directors shall constitute a quorum for the purpose only of filling vacancies under Rule 17 of Article 13.
4. A resolution, whether or not in counterpart, in writing signed by all the Directors shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted.
5. All acts done at any meeting of the Directors, or of a committee of Directors or by any person acting as a Director, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Directors or persons acting as aforesaid, or that any of them were disqualified, shall be as valid as if each such person had been duly appointed and was qualified to be a Director.
6. (a) The Directors may delegate any of their powers to committees consisting of such Directors as the Directors think fit, and may from time to time revoke such delegation;

- (b) Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Directors;
- (c) The meetings and proceedings of any such committee consisting of two or more persons shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under this Rule;
- (d) Every committee shall report to the next succeeding meeting of the Directors all business dealt with by the committee since the last preceding meeting of the Directors.

7. In addition to any reasons provided in the Financial Institutions Act, the Credit Union Incorporation Act, or the Company Act, the office of Director shall be vacated immediately:

- (a) if the Director by notice in writing to Central resigns; or
- (b) if the Director becomes of unsound mind, or is found lunatic; or
- (c) if the Director becomes bankrupt; or
- (d) if the Director is convicted of a criminal offence; or
- (e) if the Director's election or continuation in office would adversely affect any certificate or registration of Central under any securities laws of any jurisdiction in which Central issues or proposes to issue securities; or
- (f) if the Director fails to attend meetings of the Directors for three successive meetings unless excused by the Directors; or
- (g) if the Director becomes a permanent paid employee of Central or a subsidiary corporation of Central; or
- (h) if a resolution is adopted at a general meeting of Central resolving to remove the Director from office; or
- (i) if the Director ceases to be a member of a Member; or
- (j) if the Director continues as an officer or a director of an organization that has withdrawn from membership in Central or whose membership in Central has been terminated; or
- (k) if the Director is or becomes an officer, director or employee of an organization, other than a credit union or co-operative, which the Directors by resolution determine to be in competition with Central or its Class A Members.

8. A Director may participate in a meeting of the Board of Directors or any Committee of the Directors by means of conference telephones or other communications facilities by means of which all Directors participating in the meeting can hear each other, provided all such Directors agree to such participation. A Director participating in accordance with this Rule shall be deemed to be present at the meeting and to have so agreed and shall be counted in a quorum therefore and be entitled to speak and vote thereat.

9. A member of any committee of the Board may participate in a meeting of the committee by means of conference telephones or other communications facilities by means of which all persons participating in the meeting can hear each other, provided all members of the committee agree to such participation. A member of a committee participating in a meeting in accordance with this Rule shall be deemed to be present at the meeting and to have so agreed and shall be counted in a quorum therefore and be entitled to speak and vote thereat.

10. A resolution, whether or not in counterpart, in writing signed by all the members of a committee shall be as valid and effectual as if it had been passed at a meeting of the committee duly called and constituted.

11. Except as otherwise provided by these Rules, the rules of order for the conduct of meetings of Directors shall be in accordance with the current edition of "Robert's Rules of Order, Newly Revised".

ARTICLE 14A - COMMITTEES

1.
 - (a) Central may have but is not required to have an Executive Committee.
 - (b) An Executive Committee of Central, if elected or appointed, shall consist of not more than five persons, elected by and from the Directors.
 - (c) The chairperson of a committee elected or appointed by the Directors, other than the chairperson of the Audit Committee, shall be elected by and from the Directors.
2. The Directors shall appoint, at the Directors' first meeting following an annual general meeting, an Investment and Loan Committee, comprising at least three persons, elected by and from the Directors.
3. The Directors shall appoint, within ninety (90) days following an annual general meeting of Central, a Legislative Committee comprising nine (9) persons
 - (i) two of whom shall be directors or officers of Class A Members having their head office in the Ontario Region and having more than 10,000 members;
 - (ii) one of whom shall be a director or officer of a Class A Member having its head office in the Ontario Region and having less than 10,000 members;
 - (iii) four of whom shall be directors or officers of Class A Members having their head office in other than the Ontario region and having more than 10,000 members; and
 - (iv) two of whom shall be directors or officers of Class A Members having their head office in other than the Ontario Region and having less than 10,000 members.
4.
 - (a) The Directors shall appoint, within ninety (90) days following an annual general meeting of Central, a System Operations Committee comprised of twelve (12) persons;

- (b) Each of the peer groups established pursuant to Article 16 shall be represented on the System Operations Committee by a director or an officer of a Class A Member of that peer group;
 - (c) A Class A Member entitled to appoint a director pursuant to Rule 4(c) of Article 13 shall be entitled to have a representative appointed by the Directors to the System Operations Committee;
 - (d) The Class A Members comprising the Ontario Region are entitled to have three representatives appointed by the Directors to the System Operations Committee.
5. One of the persons appointed to the Investment and Loan Committee shall be an Officer of Central.
6. The Directors shall elect, at the Directors' first meeting following an annual general meeting, an Audit Committee, comprising at least three persons, elected by and from the Directors.
7. The Directors shall elect, at the Directors' first meeting following an annual general meeting, a Conduct Review Committee, comprising at least three persons, elected by and from the Directors.
8. (a) The Directors may appoint other committees of the Directors, and may establish the composition and the mandate of any such committee;
- (b) Any committee appointed pursuant to this Rule 8 may but need not comprise persons who are not Directors of Central.

ARTICLE 15 - OFFICERS

1. (a) The Directors shall, not later than 90 days after each annual general meeting of Central, elect as officers from their own number a Chairperson and a Vice-Chairperson.
- (b) If the Directors elect an Executive Committee, the Chairperson and the Vice-Chairperson shall, *ex officio*, be members of the Executive Committee.
2. It shall be the duty of the Chairperson to preside at all meetings of the Directors of Central and to submit to the annual general meeting the report of the Directors on the affairs of Central.
3. In case of the absence of the Chairperson or the Chairperson's inability for any case to act, the Vice-Chairperson shall discharge the duties of the Chairperson and in the case that the office of the Chairperson becomes vacant, the Vice-Chairperson shall act as Chairperson until the vacancy is filled.
4. (a) The Directors may appoint or cause to be appointed
- (i) other officers, from their own number or otherwise, and
 - (ii) employees,
- and may prescribe the duties of the officers or employees and fix their remuneration, if any;

- (b) Any officer or employee so appointed shall hold office at the pleasure of the Directors.
5. Directors, officers and employees shall hold in strict confidence all transactions of the Members with Central, provided, however, that this Rule shall not apply
- (i) with respect to confidential disclosures in the ordinary course of its business if hypothecating or charging any promissory notes, mortgages or other securities taken by it as security from a Member, or
 - (ii) to disclosures to persons acting in a professional or confidential relationship to Central, or
 - (iii) where required or permitted, by an order of any court of competent jurisdiction or in compliance with any law.

ARTICLE 16 - REGIONAL DISTRICTS

1. The Class A Members of Central shall be divided into seven groups, each group constituting a peer group, the composition of which have been established by the Directors and which are set out in Annex "A".
- 2 (a) Peer groups One through Four inclusive may be known as the Northline Region, the Okanagan Region, the Kootenay Region and the Vancouver Island Region, respectively;
- (b) Peer Group Seven shall be known as the Ontario Region.
3. The Directors may assign descriptive names to Peer Groups Five and Six, which names may be changed by resolution of the Directors, from time to time.
4. The Directors may, by resolution, on the resolution of the requisitioning Class A Member and the peer group to which the Class A Member seeks to be re-assigned, reassign a Class A Member from one peer group to another and Annex "A" shall be revised, accordingly.
- 4.1 Notwithstanding Rule 4 of this Article, no Class A Member which has its head office in the Ontario Region may be reassigned to any other peer group.
5. The number of peer groups shall only be altered by special resolution.
6. The Directors may, by resolution, revise Annex "A" to reflect the incorporation, amalgamation, liquidation or dissolution of a Class A Member and any revision by the Directors pursuant to this Rule, subject to Rule 4 of this Article, shall be final and conclusive.
7. (a) Only delegates of Class A Members constituting a peer group shall be entitled to attend meetings of that peer group;
- (b) A Class A Member shall be entitled to participate in all meetings of its peer group and to receive notices thereof and to appoint delegates to represent it at any meetings of the peer group and, through its delegates, to vote on any matter properly brought before the meeting of the peer group;
- (c) A peer group, by resolution or by its regulations, may permit persons other than delegates of Class A Members constituting that peer group to attend meetings of that peer group.

8. Notwithstanding Rule 7 of this Article, only the Delegate or the Alternate Delegate of a Class A Member appointed pursuant to Rule 2 of Article 12 shall be entitled to vote for the election of a Director at a meeting of that peer group at which an election takes place.
9.
 - (a) Notwithstanding Rule 1 of Article 11 and Rule 15 of Article 13, no Class A Member shall be entitled to cast more than twenty-five (25) percent of the total number of eligible votes that may be cast by the members of a peer group in an election held to fill a vacancy pursuant to Rule 4(a) or Rule 4(b) of Article 13 or on a vote pursuant to Rule 8(a) of Article 13;
 - (b) Notwithstanding Rule 9 (a) of this Article, where the number of members of a peer group entitled to vote in an election held to fill a vacancy pursuant to Rule 4(a) or Rule 4(b) of Article 13 or on a vote pursuant to Rule 8(a) of Article 13 does not exceed four (4), each member of the peer group is entitled to cast the number of votes it is entitled to cast in accordance with Rule 1 of Article 11;
 - (c) A Class A Member entitled to appoint or reappoint a Director pursuant to Rule 4 (c) of Article 13 shall not be entitled to nominate a person nor to vote in the election of a person as a Director.
10. A peer group may hold such meetings as the Class A Members which constitute the peer group may determine.
11.
 - (a) Each peer group may have an executive committee;
 - (b) The number, qualifications and manner of election or appointment of the members of the executive committee of each peer group shall be determined from time to time by, or in accordance with regulations approved by, the Directors of Central.
12. The functions and duties of a peer group may include:
 - (a) election of an executive committee for the peer group;
 - (b) receipt of reports from the Director or Directors who are members of the executive committee of the peer group, concerning the activities of the Directors of Central;
 - (c) making suggestions to the Directors of Central as to the activities which Central might undertake in the interests of the Members in the peer group;
 - (d) liaison with a Class A Member who, except for that Member's participation in Peer Group Five or Peer Group Six would be, by reason of geography, a member of the peer group;
 - (e) carrying out any duties delegated to the peer group or its executive committee by the Directors of Central and to report thereon to the Directors of Central; and
 - (f) encouragement of the development of credit union principles in the peer group and participation in matters of general concern to credit unions.
13. Each peer group shall adopt regulations governing the conduct of peer group affairs and the performance of its functions and duties subject, however, to such regulations and

amendments thereto, if any, being approved by the Directors before the same shall become effective.

ARTICLE 17 - THE SEAL

1. Central shall have a common seal.
2. The Directors shall provide for the safe custody of the seal.
3. The seal may be affixed to any instrument in accordance with the authority of the resolution of the Directors and by any person or persons as may be prescribed in the resolution. A general resolution authorizing the use of the seal may, at any time, be passed by the Directors and shall apply to the use of the seal until countermanded by the Directors. The seal may be affixed to any instrument without the necessity of any resolution in the presence of:
 - (a) any two of the Chairperson, a Vice-Chairperson, the President and Chief Executive Officer, the Secretary;
 - (b) any one of the foregoing, together with a Director; or
 - (c) any two Directors.
4. Any person or persons authorized hereby or pursuant hereto to affix the seal to any instrument in whose presence the seal is affixed shall sign the instrument attesting thereto PROVIDED THAT the signature or signatures of any person or persons authorized hereby or pursuant hereto to affix the seal to any instrument may, if authorized by the Directors, be printed, lithographed, engraved or otherwise mechanically reproduced, upon all instruments executed or issued by Central or any officer thereof; and any instrument on which the signature or signatures of any person or persons are so reproduced by authorization of the Directors shall be deemed to have been manually signed by such person or persons whose signature or signatures is or are so reproduced and shall be as valid to all intents and purposes as if such instrument had been signed manually, and notwithstanding that the person or persons whose signature or signatures is or are so reproduced may have ceased to hold office at the date of the delivery or issue of such instrument. The term "instrument" as used in this Rule shall include deeds, mortgages, hypothecs, charges, conveyances, transfers and assignments of property, real or personal, agreements, releases, receipts and discharges for the payment of money or other obligations, certificates of Central's Shares, bonds, debentures and other securities of Central, and all paper writings.
5. To enable the seal to be affixed to any debt obligations, share certificates or other securities of Central, whether in definitive or interim form, on which facsimiles of any of the signatures of any of the Directors or Officers of Central are, in accordance with these Rules, printed or otherwise mechanically reproduced, there may be delivered to the person employed to engrave, lithograph or print such definitive or interim debt obligations, share certificates or other securities, one or more unmounted dyes reproducing the seal, and
 - (a) any two of the Chairperson, a Vice-Chairperson, the President and Chief Executive Officer, the Secretary;
 - (b) any one of the foregoing, together with a Director; or
 - (c) any two Directors.

may by a document authorize such person to cause the seal to be affixed to such definitive or interim debt obligations, share certificates or other securities by the use of such dyes. Debt

obligations, share certificates or other securities to which the seal has been so affixed shall for all purposes be deemed to be under and to bear the seal lawfully affixed thereto.

ARTICLE 18 - AMENDMENTS

1. The Members may, subject to the provisions of any applicable statute, amend the Constitution and the Rules of Central by a resolution approved by:

- (i) a majority of not less than 50% plus one of the Members voting on the resolution; and
- (ii) a majority of not less than 2/3rds of the votes cast by Members voting on the resolution, in accordance with Rule 1 of Article 11

provided that no amendment shall come into effect until it has received the consent of the Superintendent of Financial Institutions and it has been accepted for filing by the Registrar of Companies.

2. Amendments may be introduced in one or more of the following ways:

- (a) by the Directors of Central;
- (b) by a Class A Member, upon resolution of a meeting of that Class A Member;
- (c) by the directors of a Class A Member.

3. Amendments introduced pursuant to Rule 2(b) or (c) of this Article must be in the hands of the Secretary not later than forty-five (45) days prior to the annual general meeting of Central or any general meeting or special general meeting of Central at which it is intended to present the amendment.

- 4. (a) (i) Subject to clause (ii) of this Rule, only Class A Members shall be entitled to vote in respect of amendments to the Rules of Central;
- (ii) Class A Members and Class B Members shall be entitled to vote in respect of any amendment to the Rules of Central relating to Class B Members;
- (b) The Directors of Central shall in their discretion determine whether or not any amendment relates to Class B Members and the determination of the Directors shall be final and conclusive.

PEER GROUPS**GROUP ONE (Northline)**

Bulkley Valley Credit Union
Integris Credit Union
Lake View Credit Union
North Peace Savings and Credit Union
Northern Savings Credit Union
Spruce Credit Union
Williams Lake and District Credit Union

GROUP THREE (Kootenay)

Columbia Valley Credit Union
Creston & District Credit Union
East Kootenay Community Credit Union
Grand Forks District Savings Credit Union
Heritage Credit Union
Kootenay Savings Credit Union
Nelson & District Credit Union

GROUP FIVE

Coast Capital Savings Credit Union
First West Credit Union
North Shore Credit Union
Prospera Credit Union
Vancouver City Savings Credit Union
Westminster Savings Credit Union

GROUP TWO (Okanagan)

Enderby & District Credit Union
Interior Savings Credit Union
Osoyoos Credit Union
Revelstoke Credit Union
Salmon Arm Savings and Credit Union
Summerland & District Credit Union
VantageOne Credit Union

GROUP FOUR (Vancouver Island)

Coastal Community Credit Union
Cumberland & District Credit Union
First Credit Union
Island Savings Credit Union
Ladysmith & District Credit Union
Union Bay Credit Union

GROUP SIX

Aldergrove Credit Union
CCEC Credit Union
Community Savings Credit Union
Compensation Employees Credit Union
Greater Vancouver Community
Credit Union
Gulf and Fraser Fishermen's Credit
Union
Khalsa Credit Union
Mount Lehman Credit Union
Sharons Credit Union
Sunshine Coast Credit Union
Vancouver Firefighters Credit Union
V.P. Credit Union

as at January 1, 2010

GROUP SEVEN (Ontario)

3M Employees (London) Credit Union Limited
Adjala Credit Union Limited
Air-Toronto Credit Union Limited
Alterna Savings & Credit Union Limited
Anishinabek Nation Credit Union Inc.
APPLE Community Credit Union Limited
Auto Workers Community Credit Union Limited
Bay Credit Union Limited
Bayshore Credit Union Limited
Brewers Warehousing Employees' (Hamilton) Credit Union Limited
Brewers Warehousing Employees (Kitchener) Credit Union Ltd.
Budd Automotive Employees (Kitchener) Credit Union Limited
Buduchnist Credit Union Limited
C.N.R. Employees' (Lakehead Terminal) Credit Union Ltd.
Campbell's Employees (Toronto) Credit Union Limited
Canada Sand Papers Employees' (Plattsville) Credit Union Limited
Canal City Savings and Credit Union Limited
Cataract Savings & Credit Union Limited
CCB Employees Credit Union Limited
City Savings & Credit Union Limited
CN London Credit Union
Community First Credit Union Limited
Community Savings and Credit Union Limited
Copperfin Credit Union Limited
Creative Arts Savings & Credit Union Limited
Croatian (Toronto) Credit Union Limited
Crown Cork & Seal Employees Credit Union Limited
Domtar Newsprint Employees (Trenton) Credit Union Limited
Dunnville & District Credit Union Limited
Durham Educational Employees Credit Union Limited
Education Credit Union Limited
Equity Credit Union Inc.
Espanola & District Credit Union Limited
Estonian (Toronto) Credit Union Ltd.
ETCU Financial Credit Union Ltd.
Etobicoke Aluminum Employees Credit Union Limited
Federal Employees (Kingston) Credit Union Limited
Fiberglas Employees (Guelph) Credit Union Limited
Finnish Credit Union Limited
FirstOntario Credit Union Limited
Food Family Credit Union Limited
Fort Erie Community Credit Union Limited
Fort York Community Credit Union Limited
Frontline Financial Credit Union Limited
G.S.W. (Fergus) Credit Union Limited
Ganaraska Credit Union Ltd
Goodyear Employees (Bowmanville) Credit Union Limited
Grey Bruce Health Services Credit Union Limited
Hald-Nor Community Credit Union Ltd.
Hamilton Community Credit Union Limited
Hamilton Municipal Employees' Credit Union Ltd.
Hamilton Teachers Credit Union Limited
Health Care Credit Union Limited
Heritage Savings & Credit Union Inc.
Hir-Walk Employees' (Windsor) Credit Union Limited
Hobart Employees' (Owen Sound) Credit Union Limited
Holy Angels & St. Anne's Parish (St. Thomas) Credit Union Limited
Italian Canadian Savings & Credit Union Limited
Kawartha Credit Union Limited
Kellogg Employees Credit Union Ltd.
Kingston Community Credit Union Limited
King-York Newsmen Toronto Credit Union Limited
Korean Catholic Church Credit Union Limited
Korean (Toronto) Credit Union Limited
Krek Slovenian Credit Union Ltd.
L.I.U.N.A. Local 183 Credit Union Limited
Lasco Employees' (Whitby) Credit Union Limited
Libro Credit Union Limited
London Civic Employees' Credit Union Limited
London Diesel Employees' Credit Union Limited
London Fire Fighters' Credit Union Limited
McMaster Savings and Credit Union Limited
Margosa Credit Union Limited
Media Group Financial Credit Union Ltd.
Member Savings Credit Union Limited
MemberOne Credit Union Ltd.
Mennonite Savings and Credit Union (Ontario) Limited

Meridian Credit Union Limited
 Miracle Credit Union Ltd.
 Motor City Community Credit Union Limited
 Municipal Employees (Chatham) Credit Union Ltd.
 Nasco Employees Credit Union Limited
 Northern Credit Union Limited
 Northern Lights Credit Union Limited
 Northridge Savings & Credit Union Limited
 Ontario Educational Credit Union Limited
 Ontario Provincial Police Association Credit Union Limited
 Oshawa Community Credit Union Ltd.
 Ottawa Police Credit Union Limited
 Ottawa Women's Credit Union Limited
 PACE Savings & Credit Union Limited
 Parama Lithuanian Credit Union Limited
 Pedeco (Brockville) Credit Union Limited
 Peek Frean Employees' (Toronto) Credit Union Limited
 Penfinancial Credit Union Limited
 Peoples Credit Union Limited
 Peterborough Community Credit Union Limited
 Polish Alliance (Brant) Credit Union Limited
 Prime Savings Credit Union Limited
 Prosperity One Credit Union Limited
 Provincial Alliance Credit Union Limited
 QuintEssential Credit Union Limited
 R.B.W. Employees' (Owen Sound) Credit Union Limited
 Railway Employees' (Sarnia) Credit Union Limited
 Resurrection Credit Union Limited
 Rochdale Credit Union Limited
 Saugeen Community Credit Union Limited
 Scarborough Hospitals Employees' Credit Union Limited
 Sheridan Park Credit Union Limited
 Slovenia Parishes (Toronto) Credit Union Limited
 Smiths Falls Community Credit Union Limited
 So-Use Credit Union Limited
 Southlake Regional Health Centre Employees' Credit Union Limited
 Southwest Regional Credit Union Ltd.

Starnews Credit Union Limited
 State Farm (Toronto) Credit Union Limited
 Sudbury Credit Union Limited
 Sunnybrook Credit Union Limited
 Superior Credit Union Limited
 Sydenham Community Credit Union Limited
 Taiwanese Canadian Toronto Credit Union Limited
 Talka Lithuanian Credit Union Limited
 Thamesville Community Credit Union Limited
 The Fire Department Employees Credit Union
 The Police Credit Union Limited
 The Toronto Electrical Utilities Credit Union Limited
 The Toronto Municipal Employees' Credit Union Limited
 Thorold Community Credit Union
 Thunder Bay Elevators Employees' Credit Union Limited
 Toronto Catholic School Board Employees Credit Union Limited
 Twin Oak Credit Union Ltd.
 Ukrainian Credit Union Limited
 Unigasco Community Credit Union Limited
 United Communities Credit Union Limited
 United Employees Credit Union Limited
 United Ukrainian Credit Union Limited
 Unity Savings and Credit Union Limited
 Utilities Employees Credit Union (Windsor) Limited
 Victory Community Credit Union Limited
 Wallace Barnes Employees' Credit Union Limited
 Windsor Family Credit Union Limited
 Your Credit Union Limited
 Your Neighbourhood Credit Union Ltd.