

Vancouver City Savings Credit Union

Rules



Last amended by the membership April 2018

Approved by the Financial Institutions Commission on June 7, 2018

Vancity

1. Definitions

In these Rules, the words listed below have the following meanings:

- “Acts”** means the *Credit Union Incorporation Act* (British Columbia), the *Financial Institutions Act* (British Columbia) and, to the extent applicable, the *Business Corporations Act* (British Columbia), and the regulations made under these Acts, each as amended;
- “Board”** means the Vancity Board of Directors;
- “Board Committee”** means a committee appointed by the Board;
- “Candidate”** means an Individual whose nomination to be a Director has been accepted by the Nominations and Election Committee;
- “Committee”** means the Nominations and Election Committee established pursuant to Rule 4.4 of these Rules;
- “CUIA”** means the *Credit Union Incorporation Act* (British Columbia) and the regulations made under this Act, each as amended;
- “Director”** means an Individual elected or appointed to the Board;
- “Election Guidelines”** means guidelines for Nominees and Candidates established by the Committee;
- “Election Official”** means an independent organization that collects and tabulates the results of the election of Directors and voting on Special Resolutions;
- “Immediate Family”** means an Individual’s spouse (including same sex-partner) and anyone living with the Individual, part-time or full-time;
- “Inactive Member”** means a Member for whom:
- (a) there has been no Member-initiated activity on any product (except shares and profit sharing) for 12 consecutive months; and
 - (b) on three consecutive occasions, mail sent by Vancity to the last known address of the Member has been returned;
- “Incumbent Director”** means a current Director standing for election;
- “Individual”** means a human being;
- “Investment Shares”** means the Class C, D, E, F, H, I, J, and K investment shares;
- “Member”** means a member of Vancity;

“Member in Good Standing”	means a Member who as of the relevant date: (a) holds the number of Class B Membership Shares required under the Rules; (b) is not more than 90 days overdue in any obligation to Vancity; and (c) is otherwise in compliance with these Rules and the Acts;
“Nominee”	means a Member who has been nominated in writing by at least three Members in Good Standing to stand for election as a Director, but whose nomination has not yet been approved or rejected by the Committee;
“Non-Cumulative”	means not carried forward, or increased, over a period of time (for example: if dividends are not declared in any year, the entitlement to dividends for such year is extinguished and there is no obligation to pay dividends for such year in the future);
“Ordinary Resolution”	means a resolution, concerning regular business such as the appointment of external auditors, that to pass requires at a general meeting a simple majority of votes cast by the Members entitled to vote;
“Par Value”	means the value assigned to a share by Vancity;
“Partner Board”	means a board established by Partner Members;
“Partner Member”	means a Member holding Class G Partner Equity Shares;
“Prior Candidate”	means a Candidate in the most recent past Board election;
“Rules”	means these Vancouver City Savings Credit Union Rules approved by the Members;
“Series”	means subsets of shares of a particular class that are issued at different times and may have different terms than other subsets of shares of that class;
“Special Resolution”	means a resolution that is required by the CUIA to approve certain actions, for example changes to these Rules or combining with another credit union, that to pass requires a majority of not less than two thirds of the votes cast by Members entitled to vote and otherwise complies with the requirements for special resolutions in the CUIA;
“Unexpired Term”	means the remainder of a Director’s term; and
“Vancity”	means Vancouver City Savings Credit Union.

Any words or phrases defined in the Acts will, if consistent with the subject or context, have the same meaning in these Rules.

2. Membership

- 2.1 **Applying to be a Member:** Every application for membership must be in the form set by Vancity and be accompanied by full payment of the purchase price for at least five Class B Membership Shares.
- 2.2 **Not Enough Membership Shares:** If a Member does not have the required number of Class B Membership Shares, Vancity may apply, subject to the CUIA, any money on deposit or amounts owed by Vancity to the Member to purchase Class B Membership Shares so the Member owns the required number of shares for membership.
- 2.3 **Benefit of Membership – Profit Sharing:** The Board may, at its discretion, share Vancity's profits by paying cash or dividends, or through other benefits to Members, based on products and services used by Members.
- 2.4 **Ceasing to be a Member:** A Member may withdraw from membership in Vancity by giving written notice to Vancity. A Member ceases to be a Member if their membership is terminated by the Board or other Members in accordance with the CUIA.

3. Shares

- 3.1 **Share Classes:** Vancity has the following types of shares:

Share Type	Class	Description
Membership Shares	B	A person must buy a minimum of 5 membership shares to become a member of Vancity.
Investment Shares	C-F, H-K	Optional shares, available from time to time, which may be purchased as a form of investment. Value per share could vary.
Savings Shares	A	Established to hold excess savings generated from membership shares. No longer offered.
Partner Equity Shares	G	Shares created for members of the former Squamish Savings Credit Union.

- 3.2 **Share Rights and Restrictions:** The rights and restrictions attached to the Class A Savings Shares, the Class B Membership Shares, and the Investment Shares are set out in Appendix A. The rights and restrictions set out in Appendix A include the dividend entitlement for each class of shares and describe whether shares are transferable and in what circumstances the shares may be repurchased by Vancity. Investment Shares D, F and H through K may be issued in Series.
- 3.3 **Cap on Purchase of Class B Membership Shares:** Members may purchase additional Class B Membership Shares to own a total of no more than 1000, or the maximum number permitted under the CUIA.
- 3.4 **Class G Partner Equity Shares:** The Class G Partner Equity Shares are governed by the provisions of Appendix B. If all of the outstanding Class G Partner Equity Shares are redeemed with the consent of the holders and there are none left outstanding, then no further

Class G Partner Equity Shares may be issued and Appendix B will be deleted from these Rules.

- 3.5 **Board Authority to Deal with Shares:** Subject to the Acts, the Board may issue, allot, sell, grant options to purchase, or otherwise dispose of any of Vancity's unissued shares of any class at the time for the consideration, and on the terms, the Board may determine, including issuing shares at a discount or paying a commission.
- 3.6 **Dividends:** The Board may pay dividends in cash, property, by issuing shares, or other securities of any class, or any combination as the Board determines. The Board's right to do so is subject to rights or restrictions with respect to dividends attached to a particular class or Series of shares.
- 3.7 **Fractional Shares:** Vancity will not allot or issue fractional shares. If a shareholder becomes entitled to a fraction of a share, that entitlement will be rounded down to the nearest whole number of shares or otherwise dealt with in a manner the Board considers fair.
- 3.8 **Shareholder Request for Exercise of Share Rights:** The Board may establish procedures by which a shareholder may request redemption of shares or exercise any other rights attached to shares of any class.

4. Election of Directors

Eligibility

- 4.1 **Basic Requirements:** An Individual is eligible to be a Director if:
- (a) they are over the age of 19 years;
 - (b) for at least one year prior to January 1st of the year in which the election will be held, they have been a Member in Good Standing, or a member in good standing of another credit union that has either been purchased by Vancity or combined with Vancity; and
 - (c) they are not in any of the excluded categories listed in Rule 4.2.
- 4.2 **Excluded Categories:** An Individual is not eligible to be a Director and, if currently a Director, will immediately cease to be a Director, if the Individual:
- (a) is an employee, director, officer, or agent, of an organization that engages in any business the same or similar to business carried on by Vancity (for example: a bank, a trust company, another deposit-taking or lending institution, a mortgage broker, or an insurance company);
 - (b) is a director, officer, or agent of another credit union or another credit union's subsidiary, unless Vancity has authorized that Individual in writing to serve in that role;
 - (c) is, or was at any time during the two years prior to the date of the close of nominations set by the Committee in the applicable year, an employee of: Vancity, any of Vancity's subsidiaries, or the Vancity Community Foundation;

- (d) is Immediate Family of any Individual referred to in Rule 4.2 (a) to (c), or of another Nominee, Candidate, or current Director who would serve on the Board concurrently with that Individual if that Individual was elected;
 - (e) within the year prior to the date of the close of nominations set by the Committee in the applicable year, received payment for services of more than \$20,000 from Vancity or any of its subsidiaries;
 - (f) within the year prior to the date of the close of nominations set by the Committee in the applicable year, was a director or officer of a corporation, or a controlling shareholder of a corporation that received, during that year, payment for services of more than \$20,000 from Vancity or any of its subsidiaries;
 - (g) is a director of a Partner Board;
 - (h) does not meet the eligibility requirements set by the Acts;
 - (i) was disqualified the previous year for not complying with the Election Guidelines; or
 - (j) has served four terms on the Board.
- 4.3 **Vacancy:** If a vacancy occurs on the Board, the remaining Directors may fill the vacancy until the next election by appointing an Individual who:
- (a) meets the eligibility requirements set out in these Rules; and
 - (b) states in writing they are willing to serve as a Director and will comply with the Acts and Vancity's conflicts of interest and director conduct policies.

Nominations and Election Committee

- 4.4 **Appointment:** By October 31 each year, the Board will appoint a nominations and election committee of not less than three Individuals who are Members and who may be Directors not standing for office in the upcoming election.
- 4.5 **Role:** The Committee will oversee the election of Directors in accordance with the Acts, these Rules, and the Election Guidelines, and will:
- (a) establish the Election Guidelines, including a process for appealing decisions regarding the rejection of nominations and disqualifications;
 - (b) ensure the Election Guidelines are available to Members;
 - (c) by December 31 each year, post a call for nominations for Directors;
 - (d) ensure Members are notified of: the upcoming election, the number of positions to be filled, and the date for the close of nominations which will be at least 30 days after the date of the notice;
 - (e) ensure Members are encouraged to participate in the election process, and are provided relevant information about: each Candidate, available voting methods, and instructions for

voting;

- (f) accept or reject nominations;
- (g) choose by a random draw the order Candidates will appear on the ballot;
- (h) ensure an Election Official is appointed; and
- (i) receive the election results from the Election Official.

Nomination Process

- 4.6 **Number of Nominations by a Member:** A Member may nominate up to three other eligible Members to stand for election in one year.
- 4.7 **Acceptance of Nomination:** Before a Nominee can be accepted as a Candidate, the Nominee must state in writing:
- (a) they are willing to stand for election;
 - (b) they will comply with these Rules and the Election Guidelines;
 - (c) all known conflicts of interest between the Nominee and Vancity; and
 - (d) if elected, they will comply with the Acts and Vancity's conflicts of interest and director conduct policies.
- 4.8 **Information Session:** Before a Nominee can be accepted as a Candidate, the Nominee must attend the information session held for prospective Candidates for that year's election, unless the requirement to attend has been waived by the Committee.
- 4.9 **Interviews:** Before a Nominee can be accepted as a Candidate, the Nominee must attend an interview with the Committee at the time and place specified by the Committee, unless the requirement to attend has been waived by the Committee.
- 4.10 **Rejection of Nomination:** The Committee may reject a Nominee from standing for election if the Committee determines:
- (a) the information provided by the Nominee is incomplete, materially false, or misleading; or
 - (b) the Nominee's intention to stand for election is not pursued in good faith, or is to cause harm or embarrassment to Vancity.

The Committee will notify the Nominee of the rejection within 24 hours of its decision and provide its reasons, in writing, to the Nominee.

- 4.11 **Rejection Appealable to the Board:** A rejection of a Nominee by the Committee under Rule 4.10 may be appealed to the Board by the Nominee in accordance with the applicable procedures in the Election Guidelines. A Board decision to uphold the rejection of a Nominee requires at least two thirds of the non-Incumbent Directors to vote in favour. The decision made by the Board will be final.

4.12 **Acclamations:** If the number of Candidates is:

- (a) equal to the number of vacant Director positions, the Candidate(s) will be declared elected by acclamation; or
- (b) less than the number of vacant Director positions, the Candidate(s) will be declared elected by acclamation and, for the remaining vacant position(s), the Board will appoint one or more Individuals in accordance with Rule 4.3 and announce the appointment(s) at the annual general meeting.

Voting in the Election of Directors

4.13 **Eligibility to Vote:** Members in Good Standing who are 19 years of age or older (if an Individual) will be eligible to vote in the election of Directors for that year.

4.14 **Voting Methods:** The Committee will determine the methods available for Members to vote with the goal of ensuring effective and broad accessibility for Members to participate in voting, and the methods available will include one or more of the following: mail ballot, in branch, and by electronic means.

4.15 **Proof of Membership:** When voting, a Member may be asked to provide proof they are a Member and a declaration they have not previously voted in the current election or on the Special Resolution(s).

4.16 **Proxy Voting:** With the exception of Rule 4.17, a Member may not appoint a person to vote on their behalf.

4.17 **Business Members:** A Member, eligible to vote, but not an Individual (such as a corporation or a society), may vote through an Individual, authorized in writing by the Member to vote, if the authorization is provided to Vancity. That Individual, if also a Member, may vote on their own behalf as well as for the Member they represent.

Election Process

4.18 **Valid Ballot:** A valid ballot will contain votes for a number of Candidates not exceeding the number of Candidates to be elected, and must be received by the Election Official by the date and time set by the Committee.

4.19 **Filling Unexpired Terms:** When a vacancy on the Board for an Unexpired Term exists at the time of an election, the term of each Director:

- (a) if by election, will be decided in proportion to the number of votes received with the Candidates receiving the greatest number of votes to fill the longest term; and
- (b) if by acclamation, will be decided by a random draw by the Committee.

4.20 **Tie Vote:** If two or more Candidates receive the same number of votes, the successful Candidate(s), or the lengths of terms if applicable, will be decided by a random draw by the Committee.

4.21 **Election Results:** The Election Official will tally all ballots received, in a manner to keep confidential for whom each Member voted, and will report the election results to the Committee. Once the results have been received by the Committee, the Committee will oversee the reporting of the results to the Candidates, the Board, and the Members. The results will be announced at the next annual general meeting and may be released by Vancity prior to the annual general meeting.

4.22 **Disqualification of a Candidate Before the Conclusion of the Election:** The Committee may disqualify a Candidate who, after being given the opportunity to meet with the Committee to discuss the matter, the Committee determines has:

- (a) shown contempt for the election process, the Committee, or Vancity;
- (b) failed to follow a direction of the Committee; or
- (c) not complied with the Election Guidelines.

The Committee will notify the disqualified Candidate within 24 hours of its decision and provide its reasons, in writing, to the Candidate.

4.23 **Effect of Disqualification:** If a Candidate has been disqualified, no vote cast for that Candidate will be counted when tallying the ballots.

4.24 **Disqualification After the Election Results:** If, within 90 days after the announcement of the election results, the Committee or the Board becomes aware that:

- (a) a Prior Candidate who was not elected contravened the Election Guidelines, then the Committee, after following the applicable procedures in the Election Guidelines and after having given the Prior Candidate the opportunity to meet with the Committee to discuss the matter, may disqualify the Prior Candidate from standing for election the following year; or
- (b) a Director who was a Prior Candidate contravened the Election Guidelines, then the Board, after following the applicable procedures in the Election Guidelines and after having given the Director the opportunity to meet with the rest of the Board to discuss the matter, may remove the Director from the Board and disqualify the Director from standing for election the following year. A decision by the Board to disqualify the Director requires at least two thirds of the other Directors to vote in favour of the removal and disqualification. The Board's decision will be final.

4.25 **Disqualification Appealable to the Board:** A decision by the Committee to disqualify a Candidate or Prior Candidate may be appealed to the Board by the Candidate or Prior Candidate in accordance with the applicable procedures in the Election Guidelines. A Board decision to uphold the disqualification of a Candidate or Prior Candidate requires at least two thirds of the non-Incumbent Directors to vote in favour of the disqualification. The Board's decision will be final.

4.26 **Incumbent Directors Excluded from Decisions:** Incumbent Directors will be excluded from any decision making by the Board regarding the rejection of a Nominee or the disqualification of a Candidate or Prior Candidate.

Notice

- 4.27 **Ways to Inform Members:** Members in Good Standing who are 19 years of age or older (if an Individual) as of a date between January 1 and February 1 of the election year set by the Committee will receive information about the election which may be provided to Members by mail, electronic means, or by other means as permitted under the CUIA, including advertisement.
- 4.28 **Inactive Members:** Vancity will not mail notice of a call for nominations or an election to Inactive Members, but will attempt to notify Inactive Members through other means permitted by the CUIA, as determined by the Committee.
- 4.29 **No Notice:** When notice of a call for nominations or an election is provided to Members in accordance with these Rules and the CUIA, the election is valid even if a particular Member does not receive notice.

5. Directors

- 5.1 **Number of Directors:** Except when a vacancy occurs or appointments to the Board are made as set out in Rule 5.2, the number of Directors will be nine.
- 5.2 **Appointment of Additional Directors:** If Vancity acquires another credit union, the Board may appoint one or more additional directors from the other credit union's board to the Board for a term not to exceed three years. Any Individual so appointed must meet the eligibility requirements set out in Rules 4.1 and 4.2. The number of Directors appointed to the Board under this Rule serving concurrently will not exceed six.
- 5.3 **Terms on the Board:** Except when a Director is elected or appointed to fill an Unexpired Term, a Director's term on the Board will be three years. A newly elected Director's term begins at the close of the first annual general meeting following the election.
- 5.4 **Term Limits:** A Director is eligible to stand for re-election unless they have served a total of four terms, including non-consecutive terms. If an Individual is appointed to the Board:
- (a) to fill a vacancy pursuant to Rule 4.3, the time served as a Director before standing for election is not included when calculating the total number of terms the Director may serve; or
 - (b) pursuant to Rule 5.2, the time served as a Director before standing for election is included when calculating the total number of terms the Director may serve.
- 5.5 **Removal of a Director:** The Board may remove a Director by resolution passed by at least two thirds of the Board, if the other Directors determine, in accordance with the applicable procedures in Vancity's director conduct policies that the Director has:
- (a) failed without being excused by the Board Chair to attend three consecutive meetings of the Board;
 - (b) breached Vancity's conflicts of interest or director conduct policies; or
 - (c) breached the confidentiality of any proceedings or information of the Board.

- 5.6 **Election of Chair and Vice Chair:** Within 30 days of each annual general meeting, the Board will have its first meeting of the Board year and will elect from amongst the Directors both a chair and vice-chair whose duties may be set out in terms of reference.

Board and Committee Meetings

- 5.7 **Frequency:** The Board will meet as needed and at least once each quarter.
- 5.8 **Meeting Methods:** Board and Board Committee meetings may be held by telephone or other communication methods that allow all participants to hear each other, or otherwise communicate as permitted under the Acts. Directors who attend a meeting, even if not physically present, will be counted as present at the meeting.

Powers and Functions

- 5.9 **Committees:** Subject to, and as required by, the Acts the Board will establish Board Committees.
- 5.10 **Appointment of Senior Management:** The Board will appoint the Chief Executive Officer and, jointly with the Chief Executive Officer, appoint other senior management required for the effective operation of Vancity.
- 5.11 **Deposits, Borrowing, and Lending:** Subject to the Acts, the Board:
- (a) may set the procedures and forms for withdrawing money on deposit;
 - (b) may raise and borrow money for Vancity on such terms as the Board may determine; and
 - (c) will set the terms for loans as to interest and other charges, repayment, and security, and may delegate to Vancity management the authority to make loans and set loan terms.

6. Indemnification

- 6.1 **Indemnification:** In the circumstances permitted under the Acts, Vancity will indemnify (meaning reimburse or pay for a loss or a cost):
- (a) each current and former Director;
 - (b) each current and former officer; and
 - (c) any Individual who acts, or acted, at Vancity's request, as a director and/or officer of an entity of which Vancity is or was a member or creditor.

The terms of the indemnity will be set out in a written agreement between Vancity and the indemnified Individual.

7. General Meetings of Members

7.1 **Annual General Meeting:** Each annual general meeting of Vancity will occur on a date determined by the Board and will include: those matters required by the Acts, reporting to Members, and an opportunity for Members to express their views and ask questions of the Board and the Chief Executive Officer.

7.2 **Other General Meetings:** In addition to the annual general meeting, the Board may convene other general meetings held in accordance with the provisions of the CUIA.

7.3 **Member Participation:** Subject to the Acts, the following are allowed to be present at a general meeting:

- (a) those Members entitled to vote;
- (b) the auditors of Vancity;
- (c) invited guests of the Board; and
- (d) other Individuals with the consent of the majority of Members at the meeting.

The Directors and Vancity employees have the same rights as other Members with respect to a general meeting, including speaking at the meeting and voting on motions.

7.4 **Standing Rules:** To ensure orderly discussion and decision making, at the beginning of a general meeting Members will approve rules for the conduct of the meeting.

7.5 **Proof of Eligibility to Attend:** At all general meetings, before being admitted, each Individual must, upon request, present evidence of their identity and that they are a Member in Good Standing.

7.6 **Quorum:** 100 Members is the minimum number of Members required to be present at a general meeting for business to be conducted at that meeting.

7.7 **Meetings of Classes of Shareholders:** The Board may convene meetings of holders of any class of shares and:

- (a) unless otherwise specified, the Rules relating to general meetings will apply to those meetings; and
- (b) except for meetings of Partner Members, the quorum for any meeting will be the number of holders representing 20% of the value of the shares of that class.

7.8 **Voting:** At a meeting of Members:

- (a) only Members in Good Standing who are 19 years of age or older (if an Individual) as of the date of the meeting will be eligible to vote;
- (b) with the exception of Rule 7.8(c), a Member may not appoint a person to vote on their behalf;

- (c) a Member, eligible to vote, but not an Individual (such as a corporation or a society), may vote through an Individual, authorized in writing by the Member to vote, if the authorization is provided to Vancity. That Individual, if also a Member, may vote on their own behalf as well as for the Member they represent;
- (d) voting will be by a show of hands or, with the permission of the meeting chair, by electronic means; and
- (e) unless a vote count is called for, a declaration by the meeting chair that a resolution has been passed will be conclusive evidence of the fact.

Notice

- 7.9 **Inactive Members:** Vancity will not mail notice of a meeting to Inactive Members, but will attempt to notify Inactive Members through other means.
- 7.10 **No Notice:** When notice of a meeting is provided to Members in accordance with these Rules and the CUIA, any Ordinary Resolution passed or action taken at the meeting is valid even if a particular Member does not receive notice.

8. Resolutions

Ordinary Resolutions

- 8.1 **Ordinary Resolutions:** For an Ordinary Resolution to be eligible for consideration by Members at a general meeting, it must be submitted to the Board for review at least 90 days prior to the general meeting and the Board, at its discretion subject to the CUIA, will determine whether the Ordinary Resolution will be submitted to the Members.

Special Resolutions

- 8.2 **Special Resolutions Proposed by Members:** Subject to the CUIA, the number of Members who must sign a requisition to propose a Special Resolution for consideration by Members is 300.
- 8.3 **Notice:** In the event a Special Resolution is to be voted on by Members, the Board will provide to each Member eligible to vote, in the time required by the CUIA, and by any method permitted under the CUIA, which may include electronic means:
 - (a) the wording of the proposed Special Resolution or reference to the wording of the Special Resolution, and an explanation how to obtain further information regarding the Special Resolution;
 - (b) information about available voting methods; and

(c) instructions for voting.

- 8.4 **Inactive Members:** Vancity will not mail notice of a Special Resolution to Inactive Members, but will attempt to notify Inactive Members through other means.
- 8.5 **No Notice:** When notice of a Special Resolution is provided to Members in accordance with these Rules and the CUIA, the vote on the Special Resolution at a general meeting is valid even if a particular Member does not receive notice.
- 8.6 **Voting:** Voting on Special Resolutions will be in accordance with Rules 4.13 to 4.17 if it takes place by ballot, and in accordance with Rule 7.8 if it takes place at a general meeting.
- 8.7 **Results:** The Election Official will tally all ballots received in a manner that will provide for confidentiality of voting. Within 30 days after the end of the voting period, the Board will report the results of the vote to the Members.

9. Seal

- 9.1 **Corporate Seal:** Vancity has a corporate seal, kept at its registered office or other place determined by the Board, which may be used as authorized by the Board.

10. Rule Changes

- 10.1 **Authority to Change:** Subject to the CUIA, Vancity may make changes to these Rules by Special Resolution.

APPENDIX A

SHARE RIGHTS AND RESTRICTIONS (details – the “fine print”)

The Class A Savings Shares, the Class B Membership Shares, and the Investment Shares have the following rights and restrictions.

1.1 Class A Savings Shares:

- (a) are non-equity shares of Vancity and evidence indebtedness of Vancity;
- (b) moneys invested in, and dividends on, Class A Savings Shares are guaranteed by the Credit Union Deposit Insurance Corporation;
- (c) have a Par Value of \$1.00 each;
- (d) subject to the CUIA, the Board may in its absolute discretion declare and pay dividends on Class A Savings Shares in amounts, and at times, as it may determine;
- (e) may only be transferred with Board approval and upon written notice from the holder satisfying any terms the Board may require to effect the transfer;
- (f) subject to the CUIA, Vancity will redeem all or any portion of Class A Savings Shares (but not so as to result in fractional shares) upon:
 - (i) the death of the Member;
 - (ii) the Member withdrawing from membership; or
 - (iii) the termination by Vancity of the membership of the Member;
- (g) in the event of winding-up of Vancity, the holders of Class A Savings Shares will be entitled to receive in respect of these shares the amount determined under the CUIA; and
- (h) the holder of Class A Savings Shares will not be a Member or an auxiliary member of Vancity for the purposes of voting as contemplated under the CUIA.

1.2 Class B Membership Shares:

- (a) are equity shares of Vancity;
- (b) moneys invested in, and dividends on, Class B Membership Shares are not guaranteed by the Credit Union Deposit Insurance Corporation;
- (c) will be issued at, and have a Par Value of, \$1.00 each;
- (d) dividends are Non-Cumulative;
- (e) may only be transferred with Board approval and upon written notice from the holder satisfying any terms the Board may require to effect the transfer;

- (f) subject to the CUIA and these Rules, Vancity will redeem all or any portion of the Class B Membership Shares held by a Member:
 - (i) upon the death of the Member;
 - (ii) upon the Member withdrawing from membership;
 - (iii) upon the termination by Vancity of the membership of the Member; or
 - (iv) subject to the terms or limitations as the Board may prescribe from time to time, upon written request of the Member, so long as after the redemption the Member will continue to hold the minimum number of Class B Membership Shares required for membership;

provided that the Board may limit the number of Class B Membership Shares redeemed, purchased, or otherwise acquired in any one year period to 10% of the Class B Membership Shares issued and outstanding on December 31 of the previous year, but this 10% limit will not apply to redemptions under Section 1.2(f)(i) or (iii);

- (g) will be redeemed, purchased or transferred at an amount equal to their Par Value plus any dividends declared, but unpaid, on these shares; and
- (h) in the event of winding-up of Vancity, each holder of a Class B Membership Share, together with the holders of the Investment Shares and any other class of investment shares from time to time created by Vancity (unless the rights and restrictions attached to any class of shares provide otherwise), will be entitled to receive with respect to each Class B Membership Share held by that holder their pro rata share of any surplus or assets remaining to be distributed after payment of all amounts required to be paid under the CUIA.

1.3 Class C Investment Shares:

- (a) are equity shares of Vancity;
- (b) moneys invested in, and dividends on, Class C Investment Shares are not guaranteed by the Credit Union Deposit Insurance Corporation;
- (c) will be issued at, and have a Par Value of, \$1.00 each;
- (d) subject to the CUIA, the Board may in its absolute discretion declare and pay dividends on Class C Investment Shares, in amounts and at times as it may determine;
- (e) may only be transferred with Board approval and upon written notice from the holder satisfying any terms the Board may require to effect the transfer;
- (f) subject to the CUIA, upon written request of the holder, Vancity will redeem all or any portion of Class C Investment Shares (but not so as to result in fractional shares) provided that the Board may limit the number of Class C Investment Shares redeemed, purchased, or otherwise acquired in any one year period to 10% of the Class C Investment Shares issued and outstanding on December 31 of the previous year;

- (g) will be redeemed, purchased, or transferred at an amount equal to their Par Value plus any dividends declared, but unpaid, on such shares;
- (h) in the event of winding-up of Vancity, each holder of Class C Investment Shares, together with the holders of Class B Membership Shares, the other classes of Investment Shares, and any other class of investment shares from time to time created by Vancity (unless the rights and restrictions attached to any class of shares provide otherwise), will be entitled to receive with respect to the shares held by the holder their pro rata share of any surplus or assets remaining to be distributed after payment of all amounts required to be paid under the CUIA; and
- (i) have the additional rights and restrictions set out in Rule 3.6 to 3.8, as applicable.

1.4 Each of Class D, F, H and I Investment Shares:

- (a) are equity shares of Vancity;
- (b) moneys invested in, and dividends on, such Investment Shares are not guaranteed by the Credit Union Deposit Insurance Corporation;
- (c) may be issued in an unlimited amount and in one or more Series with each Series consisting of the number of shares determined by the Board before the issuance of that Series;
- (d) are without Par Value and each Series will be issued at the price determined by the Board before the issuance of that Series;
- (e) dividends are Non-Cumulative and the Board will establish the terms for entitlement to dividends for each Series of these Investment Shares before the issuance of that Series;
- (f) the Board may establish different dividend rights for different Series of these Investment Shares;
- (g) the Board may establish policies allowing, regulating, or prohibiting the transfer of these Investment Shares and, if policies allowing or regulating the transfer of shares are established, holders of these Investment Shares may transfer their Class D, F, H or I Investment Shares to another person in accordance with those policies;
- (h) subject to the Acts, Vancity may redeem, purchase, or otherwise acquire Class D, F, H or I Investment Shares of a particular Series in accordance with the terms established by the Board before the issuance of that Series, provided that the Board may limit the number of Class D, F, H or I Investment Shares redeemed, purchased, or otherwise acquired in any one year period to 10% of each such class of Investment Shares issued and outstanding on December 31 of the previous year; and
- (i) in the event of winding-up of Vancity, each holder of a Class D, F, H or I Investment Share, together with the holders of Class B Membership Shares, the other classes of Investment Shares, and any other class of investment shares created by Vancity (unless the rights and restrictions attached to any such class provide otherwise), will be entitled to receive for each Class D, F, H or I Investment Share they hold, their

pro rata share of any surplus or assets remaining to be distributed after payment of all amounts required to be paid under the CUIA, to a maximum amount equal to the amount paid up on such Class D, F, H, or I Investment Share plus any declared, but unpaid, dividends on such share and, after distribution of such amounts, such holder will not be entitled to share in any further distribution of the property and assets of Vancity with respect to such share.

1.5 Class E Investment Shares:

- (a) are equity shares of Vancity;
- (b) moneys invested in, and dividends on, Class E Investment Shares are not guaranteed by the Credit Union Deposit Insurance Corporation;
- (c) will be without Par Value and will be issued at the price or prices as determined by the Board at the time of issue;
- (d) subject to the CUIA, the Board may in its absolute discretion declare and pay dividends on Class E Investment Shares, in amounts and at times as it may determine;
- (e) may only be transferred with Board approval and upon written notice from the holder satisfying any terms the Board may require to effect the transfer;
- (f) subject to the CUIA, upon written request of the holder, Vancity will redeem all or any portion of Class E Investment Shares (but not so as to result in fractional shares) provided that the Board may limit the number of Class E Investment Shares redeemed, purchased, or otherwise acquired in any one year period to 10% of the Class E Investment Shares issued and outstanding on December 31 of the previous year;
- (g) will be redeemed, purchased, or transferred at the amount paid up on these shares, plus any dividends declared, but unpaid, on these shares;
- (h) in the event of winding-up of Vancity, each holder of a Class E Investment Share, together with the holders of Class B Membership Shares, the other classes of Investment Shares, and any other class of investment shares from time to time created by Vancity (unless the rights and restrictions attached to any class of shares provide otherwise), will be entitled to receive with respect to the shares held by the holder their pro rata share of any surplus or assets remaining to be distributed after payment of all amounts required to be paid under the CUIA; and
- (i) have the additional rights and restrictions set out in Rule 3.6 to 3.8, as applicable.

1.6 Class J Investment Shares:

- (a) are equity shares of Vancity;
- (b) moneys invested in, and dividends on, Class J Investment Shares are not guaranteed by the Credit Union Deposit Insurance Corporation;

- (c) may be issued in an unlimited amount, and in one or more Series, with each Series consisting of the number of shares determined by the Board before the issuance of that Series;
- (d) are without Par Value and each Series will be issued at the price determined by the Board before the issuance of that Series;
- (e) dividends are cumulative and the Board will establish the terms for entitlement to dividends for each Series of Class J Investment Shares before the issuance of that Series;
- (f) the Board may establish different dividend rights for different Series of Class J Investment Shares;
- (g) the Board may establish policies allowing, regulating, or prohibiting the transfer of Class J Investment Shares and, if policies allowing or regulating the transfer of shares are established, holders of Class J Investment Shares may transfer their Class J Investment Shares to another person in accordance with those policies;
- (h) subject to the Acts, Vancity may redeem, purchase, or otherwise acquire Class J Investment Shares of a particular Series in accordance with the terms established by the Board before the issuance of that Series, provided that the Board may limit the number of Class J Investment Shares redeemed, purchased, or otherwise acquired in any one year period to 10% of the Class J Investment Shares issued and outstanding on December 31 of the previous year; and
- (i) in the event of winding-up of Vancity, each holder of a Class J Investment Share, together with the holders of Class B Membership Shares, the other classes of Investment Shares, and any other class of investment shares created by Vancity (unless the rights and restrictions attached to any such class provide otherwise), will be entitled to receive for each Class J Investment Share they hold, their pro rata share of any surplus or assets remaining to be distributed after payment of all amounts required to be paid under the CUIA, to a maximum amount equal to the amount paid up on that Class J Investment Share plus any declared, but unpaid, dividends on such share and, after distribution of such amounts, such holder will not be entitled to share in any further distribution of the property and assets of Vancity with respect to such share.

1.7 Class K Investment Shares:

- (a) are equity shares of Vancity;
- (b) moneys invested in, and dividends on, Class K Investment Shares are not guaranteed by the Credit Union Deposit Insurance Corporation;
- (c) may be issued in an unlimited amount and in one or more Series with each Series consisting of the number of shares determined by the Board before the issuance of that Series;
- (d) will be issued at, and have a Par Value of, \$1.00 each;

- (e) dividends are Non-Cumulative and the Board will establish the terms for entitlement to dividends for each Series of Class K Investment Shares before the issuance of that Series;
- (f) the Board may establish different dividend rights for different Series of Class K Investment Shares;
- (g) the Board may establish policies allowing, regulating or prohibiting the transfer of Class K Investment Shares and, if policies allowing or regulating the transfer of shares are established, holders of Class K Investment Shares may transfer their Class K Investment Shares to another person in accordance with those policies;
- (h) subject to the Acts, Vancity may redeem, purchase, or otherwise acquire Class K Investment Shares of a particular Series in accordance with the terms established by the Board before the issuance of that Series, provided that the Board may limit the number of Class K Investment Shares redeemed, purchased, or otherwise acquired in any one year period to 10% of the Class K Investment Shares issued and outstanding on December 31 of the previous year; and
- (i) in the event of winding-up of Vancity, each holder of a Class K Investment Share, together with the holders of Class B Membership Shares, the other classes of Investment Shares, and any other class of investment shares created by Vancity (unless the rights and restrictions attached to any such class provide otherwise), will be entitled to receive for each Class K Investment Share they hold, their pro rata share of any surplus or assets remaining to be distributed after payment of all amounts required to be paid under the CUJA, to a maximum amount equal to the Par Value of that Class K Investment Share plus any declared, but unpaid, dividends on such share and, after distribution of such amounts, such holder will not be entitled to share in any further distribution of the property and assets of Vancity with respect to such share.

APPENDIX B
Partner Equity Shares: SQUAMISH

- 1.1 The designation of Squamish Credit Union (“Squamish”) as a Vancity Partner, the link of the Class G Partner Equity Shares to Squamish, and the qualification for members to be issued Class G Partner Equity Shares may not be modified without the consent of the Partner Members.
- 1.2 All members of the former Squamish Credit Union may subscribe for Class G Partner Equity Shares.
- 1.3 A person who is, or who will concurrently become, a Member may also become a Partner Member by subscribing for a Class G Partner Equity Share. No Member may subscribe for more than one Class G Partner Equity Share. A Member who ceases to hold a Class G Partner Equity Share will cease to be a Partner Member.
- 1.4 The Class G Partner Equity Shares have the following rights and restrictions:
- (a) they are equity shares of Vancity;
 - (b) moneys invested in, and dividends on these shares, are not guaranteed by the Credit Union Deposit Insurance Corporation;
 - (c) they may be issued in an unlimited amount;
 - (d) they will be issued at and have a Par Value of \$0.01 each;
 - (e) subject to the CUIA and to the requirements of Section 1.4(f) of this Appendix B, the Board may in its absolute discretion declare and pay dividends on Class G Partner Equity Shares, in amounts and at times as it may determine;
 - (f) in exercising the discretion to declare and pay dividends on any of Class G Partner Equity Shares, the Board will consider any submissions of the Partner Board regarding Squamish’s financial performance;
 - (g) may only be transferred with Board approval and upon written notice from the holder satisfying any terms the Board may require to effect the transfer;
 - (h) subject to the CUIA, upon written request of the Partner Member, Vancity will redeem all or any portion of Class G Partner Equity Shares held by a Partner Member (but not so as to result in fractional shares) provided that the Board may limit the number of Class G Partner Equity Shares redeemed, purchased, or otherwise acquired in any one year period to 10% of the Class G Partner Equity Shares issued and outstanding on December 31 of the previous year;
 - (i) in the event of winding-up of Vancity, the holders of Class G Partner Equity Shares will be entitled to receive the Par Value of their shares, together with any dividends declared, but unpaid, on those shares. After payment to the holders of Partner Equity Shares of the amounts so payable to them, they will not be entitled to share in any further distribution of the property or assets of Vancity; and

- (j) the Board may establish a qualification which must be satisfied by a Member before the Member is entitled to be subscribed for any of Class G Partner Equity Shares.
- 1.5 Partner Members will elect members of the Partner Board (“Partner Directors”) in accordance with these Rules.
- 1.6 The number of Partner Directors of Squamish will be not less than three and no more than 12, unless the Board agrees otherwise.
- 1.7 Except where an election is held to fill the unexpired portion of a term, Partner Directors will be elected to hold office for three years.
- 1.8 In order to be eligible to stand for election as a member of a Partner Board, an Individual must:
- (a) be a Member in Good Standing on the date of the close of nominations determined in accordance with these Rules; and
 - (b) meet the requirements for eligibility as if they were to become a Director, except as otherwise determined by the Board.
- 1.9 The Partner Board will establish procedures for nomination, voting, and election of the Partner Board.
- 1.10 The Partner Board will determine its own procedures which will be similar, but need not be identical, to the procedures for the Board, and which will meet generally acceptable business standards. The procedures and requirements for convening the annual shareholders’ meeting, and other meetings of the Partner Board, will be as agreed to in writing by the Partner Board and the Board.
- 1.11 Partner Directors in order to hold office must agree in writing with Vancity:
- (a) to observe and be bound by Vancity’s conflicts of interest and director conduct policies that would be applicable if they were Directors; and
 - (b) to comply with all legal requirements which would be applicable if they were Directors.
- 1.12 The Partner Board will inform the Board of all meetings of the Partner Board and permit no less than one Director to attend each meeting. That Director will not count towards the quorum and will not participate in voting.
- 1.13 The Partner Board will supervise the operations of Squamish in accordance with the independent management agreement governing the relationship between Vancity and Squamish (the “Management Agreement”).
- 1.14 The Partner Board will make reports to the Board in accordance with the Management Agreement, and may make submissions on the progress and status of Squamish to assist the Board in the exercise of its discretion to declare dividends on the Class G Partner Equity Shares.

- 1.15 The Partner Board may recommend to the Board the appointment of the employees as the Partner Board determines are required for the proper operation of Squamish, and the Board will take such recommendations under consideration.
- 1.16 The Partner Board and the Board will settle any disputes in accordance with any dispute resolution provisions in the Management Agreement.
- 1.17 No less than every two years, the Board will convene a meeting with the Partner Board to review the terms of the Management Agreement and the progress of the Partner Board mandate. The date of the meeting is to be fixed by the Board on a recommendation by the Partner Board.
- 1.18 (a) Squamish's annual shareholders' meeting and other meetings of the Partner Board will be held on dates to be fixed by the Partner Board.
- (b) The Partner Board will inform the Board of the date, time, and location of any annual shareholders' meetings of Partner Members as soon as practicable.
- (c) The Partner Board will invite the Board to attend and participate in any annual shareholders' meeting.
- (d) At an annual shareholders' meeting of Squamish, one-quarter of the Partner Members, or 50 Partner Members, whichever is less, will constitute a quorum.
- 1.19 (a) The name under which Squamish will carry on its business was established by the acquisition agreement with respect to Squamish and the part of the name which refers to Squamish may not be changed without the consent of the Partner Board. The part of the name which refers to Vancity may be changed by Vancity.
- (b) All activities of Squamish will be subject to all regulatory requirements and supervision, and review by the internal and external auditors of Vancity. All activities will comply with the requirements of law, the requirements of all regulators, and internal reporting requirements of Vancity.
- (c) All activities of Squamish will comply with the Statement of Values and Commitments of Vancity.
- 1.20 In accordance with the CUIA, the rights attached to Class G Partner Equity Shares will not be prejudiced or interfered with unless Partner Members holding those shares so approve by a Special Resolution (as defined in the Rules to which this Appendix is attached).