

# PROPOSED BY-LAW CHANGES

Credit Union Central of Manitoba has developed, and the Financial Institutions Regulation Branch has reviewed, a Credit Union By-law Template to provide guidance to those credit unions amending their By-laws in light of recent amendments to *The Credit Unions and Caisses Populaires Act* (the "Act"). The following By-law changes are recommended for the purpose of aligning the Compass Credit Union By-laws with the Credit Union By-law Template. The proposed By-law changes are outlined below.

## Current By-law

### SECTION 1 – DEFINITIONS AND INTERPRETATION

#### 1.1 (a) Definitions

"district meeting" means a meeting of members who are assigned to the same district in accordance with the provisions of the by-laws;

"meeting of members" means an annual meeting of members, a special meeting of members or a district meeting;

### SECTION 2 – RECORDS

#### Fiscal year end

2.01 The fiscal year of the credit union shall end on the last day of December.

#### Information available to members

2.02 Subject to the Act, no member shall be entitled to any information respecting any details or conduct of the credit union's business which, in the opinion of the directors, it would be inexpedient in the interests of the members or the credit union to communicate to the public.

2.03 The directors may determine whether and to what extent and at what time and place and under what conditions or rules the accounts, records and documents of the credit union or any of them shall be open to the inspection of members and no member shall have any right of inspecting any account, record or document of the credit union

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### SECTION 1 – DEFINITIONS AND INTERPRETATION

#### 1.1 (a) Definitions

"meeting of members" means an annual meeting of members, a special meeting of members.

### SECTION 2 – RECORDS

#### 2.2 Information Available to Members

Members of the Credit Union may examine the following records during the usual business hours of the Credit Union and may obtain copies therefrom upon payment of a reasonable fee: (a) the articles and the by-laws of the Credit Union and all amendments thereto; (b) the duly executed minutes of meetings and resolutions of members; and (c) a register of directors, officers and committee members setting out the names, addresses and other occupations, if any, of all persons who are or have been directors, officers or committee members of the Credit Union with the several dates on which each become or ceased to be a director, officer or committee member. provided that the Credit Union reserves the right to deny any person access to this information if it believes the person intends to use the information for the purposes of enforcing a personal claim or

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except as conferred by the Act or authorized by the directors or by resolution passed at a meeting of members.

Notwithstanding any resolution of the members allowing the inspection of any account, record or document of the credit union by a member, it shall remain within the authority of the board to determine whether and to what extent and at what time and place and under what conditions or rules, such account, record or document will be open for inspection by such member, and for greater certainty, the board can refuse to grant such inspection rights to the member if, in the opinion of the directors, it would be contrary to the interests of the credit union or its members to allow the inspection of any such account, record or document by such member having regard for such matters as the confidentiality of the personal information of members, subject always to the rights of members under the Act.

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### SECTION 3 – SHARES

N/A

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### SECTION 4 – MEMBERSHIPS AND ASSOCIATES

#### Approval of memberships

4.01 Subject to the Articles, no person shall become a member of the credit union unless that person

(a) submits a written application for membership which is approved by the directors or by a person appointed by the directors to approve memberships; and

(b) has fully paid for the number of shares of the credit union a person is required to purchase to become a member.

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grievance against the Credit Union or any of its directors, officers or others, for purposes of promoting general economic, political, racial, religious, social or similar causes, or for a purpose not related to the affairs of the Credit Union.

### 2.3 Access to Records

The Board may, at their own discretion, determine whether and to what extent and at what time and place and under what conditions or rules the records (other than those listed in section 2.2) of the Credit Union shall be open to the inspection and extraction of members.

### 2.4 Information Not Available to Members

Subject to the Act and sections 2.2 and 2.3 of these by-laws, no member shall be entitled to any information respecting any details or conduct of the Credit Union's business which, in the opinion of the directors, would be inexpedient or not in the interests of the members or the Credit Union to communicate to the public.

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### SECTION 3 – SHARES

#### 3.3 Surplus Shares

In a fiscal year, part or all of a patronage refund or common or surplus share dividend credited to a member shall be applied to purchase surplus shares of the Credit Union for the member.

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### SECTION 4 – MEMBERSHIPS AND ASSOCIATES

#### 4.1 Method of Applying for Membership

A person shall apply for membership of the Credit Union by submitting a written application for membership in the form that has been approved by the Board from time to time.

#### 4.2 Conditions of Membership

It is a condition of membership that each member: (a) continue to meet the qualifications for membership as set out in these by-laws; and (b) at all times maintain respect for members, associates, employees, directors and property of the Credit Union.

## Current By-law

### **Joint memberships**

4.03 Two or more persons may apply for joint membership in the credit union.

### **Statement of interest**

4.04 If two or more persons are registered as joint holders of a share, the credit union shall not be bound to issue more than one statement showing the interest of the joint holders in the credit union, and delivery of such statement to one of such persons shall be sufficient delivery to all of them.

### **Business done by joint holder**

4.05 The business done with the credit union in a fiscal year by a joint holder of a membership is deemed to be business done by the joint membership.

### **Right of members**

4.06 The members of the credit union shall have the right to:

(a) make, amend and repeal the by-laws of the credit union; and

(b) hold a referendum on any matter of general concern to the members.

### **One vote**

4.07 Each joint membership shall have one vote. The two or more persons who hold the membership jointly shall vote as one the membership jointly held by them.

### **Withdrawal of membership**

4.08 A member may withdraw from the credit union by giving to the credit union ninety (90) days' notice of intention to withdraw. The directors may, by resolution, accept any application to withdraw on shorter notice. The death of a member shall have the same effect as notice of withdrawal. The following special provisions shall apply to joint members:

(a) an application for withdrawal of joint membership shall be in writing and signed by all surviving joint holders of such membership; and

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### **4.3 Qualifications of Membership**

Membership in the Credit Union shall be confined to persons who: (a) submit a written application for membership which is approved by the directors or by a person appointed by the directors to approve memberships; (b) have fully paid for the number of shares of the Credit Union a person is required to purchase to become a member; (c) hold a financial transaction record/history that is acceptable to the Credit Union; and (d) are not a credit union.

### **4.5 Appeal of Termination**

The member with respect to whom a resolution to terminate membership has been passed shall have those rights of appeal as set out in the Act.

### **4.6 Withdrawal of Membership**

A member may withdraw from the Credit Union by giving the Credit Union 90 days written notice of the member's intention to withdraw. The directors may, by resolution, accept any application to withdraw on shorter notice.

### **4.7 Rights of Members**

Members of the Credit Union have the right to: (a) make, amend and repeal the by-laws of the Credit Union; and (b) hold a referendum on any matter of general concern to the members; (c) Members may only have one membership and are entitled to one (1) vote only. in accordance with the Act and these by-laws.

### **4.8 Joint Memberships**

Two (2) or more individuals may jointly hold a membership in the Credit Union but that membership is entitled to one (1) vote only.

### **4.9 Method of Applying for Associate Status**

A person shall apply for associate status with the Credit Union by submitting a written application for associate status in the form that has been approved by the Board from time to time.

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(b) the death of one of the joint holders of a membership shall not have the same force and effect as a notice of withdrawal.

### Notice to joint membership

4.09 If two or more persons are registered as joint holders of a share or membership in the credit union, any notice shall be addressed to all of such joint holders but notice to one of such persons shall be sufficient notice to all of them.

### Restriction

4.10 Only one joint holder of a membership may be a director of the credit union at any one time.

### Deceased members and shareholders

4.11 In the event of the death of a member or shareholder or one of the joint members or joint holders of a share, the credit union shall not be required to make any entry in the members' register, or make any payments, in respect thereof, except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the credit union.

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## SECTION 5 – MEETINGS OF MEMBERS AND VOTING

### District meetings

5.03 The territory in which the credit union carries on its business may be divided into two or more districts for the purpose of holding district meetings. The number of districts and the procedures to be followed at district meetings shall be set out in Schedule "A" to these by-laws.

### Notice and adjournment

5.04 Notice of meetings shall be provided in accordance with the Act. Such notice shall be given not less than fourteen (14) days nor more than fifty (50) days before the meeting.

Where a meeting of members is adjourned by one or more adjournments for more than seven (7) days, notice of the adjourned meeting shall be given in the same way as for an original meeting.

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### 4.10 Conditions of Associate Status

It is a conditions of associate status that each associate: (a) continue to meet the qualifications for associate status as set out in these by-laws; and (b) at all times maintain respect for members, associates, employees, directors and property of the Credit Union.

### 4.11 Qualifications of Associate Status

Associate status with the Credit Union shall be confined to persons who: (a) submit a written application for associate status which is approved by the directors or by a person appointed by the directors to approve associate status; (b) have fully paid for the number of shares of the Credit Union a person is required to purchase to become an associate; and (c) are not a credit union.

### 4.12 Termination of Associate Status

The directors may, by resolution passed by the directors at a meeting called to consider the resolution, terminate the associate status of a member.

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## SECTION 5 – MEETINGS OF MEMBERS AND VOTING

### 5.5 Notice of Meetings

Notice of the time and place of meetings shall be provided in accordance with the Act. Such notice shall be given not less than 14 days nor more than 60 days before the meeting.

### 5.6 Adjournments

(a) Where a Meeting of Members is adjourned for seven (7) days or less, it is not necessary to give notice of the adjourned meeting other than by announcement at the earliest meeting that is adjourned.

(b) Where a Meeting of Members is adjourned by one or more adjournments for more than seven (7) days, notice of the adjourned meeting shall be given in the same way as for an original meeting.

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**SECTION 6 – DIRECTORS, COMMITTEES AND OFFICERS****Nominations**

6.04 (c) In addition to candidates for immediate recommendation for election, the nominating committee shall recommend to the board of directors individuals for appointment as corporate advisors. The role of corporate advisors shall be as determined from time to time by the board, but generally the purpose of such appointments is to:

- (i) Assist in identifying and developing potential candidates for election to the board;
- (ii) Retain and engage the expertise of former board members; and
- (iii) Corporate Advisors shall serve at the pleasure of the board and subject to policies adopted by the board.

**Notice of meeting**

6.08 Notice of the time and place of each meeting of directors shall be given in the manner provided by the by-laws to each director not less than five (5) days and not more than fourteen (14) days before the time when the meeting is to be held if the notice was delivered personally to each director or by means of transmitted or recorded communication and not less than (ten) 10 days if notice is given by any other method.

**5.12 Method of Voting at a Meeting**

Subject to the Act and these by-laws, the process of member voting shall be as follows:

(f) A mail ballot shall:

- i. be valid only for the Meeting of the Members for which it is designated;
- ii. be delivered unopened or otherwise communicated by the returning officer to the scrutineers appointed by the returning officer; and
- iii. be invalid if the member is present at a meeting at which the question is to be considered and votes again on the same question.

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**SECTION 6 – DIRECTORS, COMMITTEES AND OFFICERS****6.2 Appointed Directors**

Subject to the provisions of the Act and these by-laws, the elected board may appoint Click or tap here to enter text. additional directors, which number of additional appointed directors does not exceed 1/4 of the total number of directors.

**6.4 Director Compliance**

Each director must comply fully with the Act, the Regulations, the Articles, these by-laws and the Credit Union's policies, as adopted by the Board from time to time. Failure to comply, unless a valid reason is presented to and excused by the Board, may result in disciplinary action imposed by the Board on such Director, which could include, among other action, removal from committee(s) or a recommendation to the Members that such Director be removed from the Board in accordance with Section 80 of the Act.

**6.5 Confidentiality and Conflict of Interest**

Each director and officer of the Credit Union is prohibited from:

- (a) without authority, disclosing to another person confidential information about the Credit Union, or its members;

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A director may, in any manner, waive notice of a meeting of directors and attendance by a director at a meeting of directors is a waiver of notice of the meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not lawfully called.

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(b) using for personal advantage information about the Credit Unions or its members which is not generally known;

(c) engaging on behalf of the Credit Union in a transaction with a person with whom the director has a common interest whether business or personal;

(d) using their office or relationship with the Credit Union to attempt to gain personal benefit or to confer a benefit upon others with whom they have a common interest whether business or personal; or

(e) attempting to influence the Credit Union's policies or decisions so that it might affect their interest outside the Credit Union.

### **6.6 Knowledge and Experience of Appointed Directors**

When appointing directors, the Board must have regard to the range of knowledge and experience it needs to discharge its responsibilities effectively.

### **6.7 Election and Term**

Elected directors shall be elected in accordance with the following provisions:

(a) the term of office for elected directors shall be 3 years except, for the purpose of staggering terms, directors may be elected for a shorter term. An elected director's term of office expires at the close of the annual meeting of members in the year which coincides with the expiration of the director's term; and

(b) the election of directors shall be by secret ballot. In the event that the vote for two or more directors results in a tie, a further vote shall be undertaken to decide which of those two individuals is to be elected to fill that vacancy. If a further vote is not practical, the directors who have already been elected in the election and any directors whose terms of office do not end at or before the end of the meeting at which the election is held shall determine which of the two individuals is to be elected.

**6.8 Term of Appointed Directors**

The term of office for appointed directors shall be 2 years.

**6.9 Successor**

A director appointed in accordance with the Act and these by-laws continues in office until a successor is appointed, unless the appointment is revoked.

**6.13 Filling Vacancy of Appointed Directors**

If, as a result of the death, resignation or removal of an elected director, the number of appointed directors exceeds 1/4 of the total number of directors then in office, those appointed directors shall continue in office until the vacancy created by the death, resignation or removal of an elected director is filled / shall not continue in office.

**6.16 Notice of Meetings**

Notice of the time and place of each meeting of directors shall be given in the manner provided by the by- laws to each director not less than 5 days before the time when the meeting is to be held if the notice was delivered personally to each director or by means of transmitted or recorded communication and not less than 10 days if notice is given by any other method.

**6.28 Electronic Meetings**

(a) A meeting of the Board of the Credit Union, including attendance or voting at a board meeting, may be arranged by means of telephonic, electronic or other communication facilities (“electronic meetings”), provided the means permit all persons participating in the meeting, including all persons who are entitled to vote, to communicate adequately with each other during the meeting;

(b) A director who participates in, or attends or votes, at an electronic meeting is deemed to be present at the meeting for all purposes, including determining quorum.

(c) If voting is to take place at or before an electronic meeting, the Board must take reasonable measures to ensure that:

- i. the identity of each person who votes is verified; and
- ii. each person who votes does so only in their own right or by valid proxy; and
- iii. the vote is conducted in a manner that allows votes to be individually counted.

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**SECTION 7 – INDEMNITY OF DIRECTORS AND OFFICERS (NEW)**

N/A

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**SECTION 7 – INDEMNITY OF DIRECTORS AND OFFICERS (NEW)****7.1 Indemnity**

Except in the case of an action by or on behalf of the Credit Union to procure a judgment in its favour, or by or on behalf of the Registrar or the guarantee corporation under section 208 of the Act, in which case the approval of the court must first be obtained, the Credit Union shall indemnify a director or officer of the Credit Union, a former director or officer of the Credit Union or a person who acts or acted at the Credit Union's request as a director or officer of a body corporate of which the Credit Union is or was a member, shareholder or creditor, and such person's heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by such person in respect of any civil, criminal or administrative action or proceeding to which such person is made a party by reason of being or having been a director or officer of the Credit Union or body corporate, if the director or officer:

(a) acted honestly and in good faith with a view to the best interests of the Credit Union; and

(b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, had reasonable grounds for believing that the conduct was lawful.

**7.2 Insurance**

Subject to the limitations contained in the Act, the Credit Union may purchase and maintain such insurance for the benefit of its directors and officers as the Board may from time to time determine.

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## Current By-law

### SECTION 8 – NOTICES (PREVIOUSLY SECTION 7)

#### Method of giving notices

7.01

(b) A notice so delivered shall be deemed to have been given when it is delivered personally or to the recorded address as aforesaid; a notice so mailed shall be deemed to have been given on the 3rd day after it is deposited in a post office or public letter box; and a notice so sent by any means of transmitted or recorded communication shall be deemed to have been given when dispatched or delivered to the appropriate communication company or agency or its representative for dispatch, and a notice so published in a newspaper or other publication shall be deemed to have been given at the time the publication containing the notice is distributed in the ordinary course.

### SECTION 9 – AMENDMENT TO THESE BY-LAWS

N/A

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### SECTION 8 – NOTICES

#### 8.1 Method of Giving Notices

This section applies to any notice (which term includes any communication or document) to be given (which term includes sent, delivered or served) pursuant to the Act, the regulations thereunder, the Articles, the by-laws or otherwise to a member, associate member, shareholder, director, officer, auditor or to a member of committee. Any notice shall be sufficiently given if:

(d) by posting the notice on the Credit Union's website; or

(e) by electronic (email) delivery to the person's recorded email address.

### SECTION 9 – AMENDMENT TO THESE BY-LAWS

#### 9.1 Amending the By-laws

The members of the Credit Union may amend, repeal or enact by-laws at a meeting duly called, provided written notice of the proposed amendment, repeal, or new by-laws is circulated to the members in the notice of the meeting. The notice of the meeting must state the text of the resolution that will be proposed, containing the amendment, repeal or new by-law, unless the full text is too lengthy to conveniently include in the notice, in which case a summary of the proposed changes must be included. The proposed enactment, amendment or repeal, if included in the notice of meeting as per the above paragraph, may be approved by a majority of the votes cast at the meeting called for the purpose.