

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 Fusion Credit Union By-laws with the Credit Union By-law Template. The proposed By-law changes are outlined below in two sections. The first section outlines certain substantive changes to the By-laws being proposed. The second section outlines various consequential and "clean-up" amendments to the By-laws.

Part 1:

1(a). Section 2.02 is amended to clarify when the Credit Union may deny access to its records.

Current By-law	2023 By-law Review Changes
<p>2.02 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:</p> <ul style="list-style-type: none"> (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. 	<p>2.02 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:</p> <ul style="list-style-type: none"> (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; <p><i>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 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.</i></p>

1(b). If 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, the By-laws should identify the maximum number of shares that may be issued as surplus shares to member.

Current By-law	2023 By-law Review Changes
N/A	3.03 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, up to a maximum of 15,000 total shares per member.

1(c). In accordance with the Act, if applicable, the Bylaws must provide for the division of the territory in which the credit union carries on its business into districts for the purpose of holding district meetings, the business that may be conducted and the procedures to be followed at the meetings. As the Credit Union does not currently hold district meetings, the provisions relating to districts have been removed, and certain director qualifications are added to clarify that there must be representation from various districts when considering director elections.

Current By-law	2023 By-law Review Changes
<p>5.04 Subject to the Act and these by-laws, the district structure of the credit union shall operate as follows:</p> <ul style="list-style-type: none">a) The term of office for directors shall be (three) 3 years except, for the purpose of staggered terms, directors may be elected for a shorter term. A director's term of office expires at the close of the annual general meeting of members in the year which coincides with the expiration of the director's term;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 or more 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 after the election is held shall determine which of the two or more individuals is to be elected;c) For the purpose of electing directors:	N/A

<ul style="list-style-type: none">(i) four (4) districts shall be established and each district shall be represented at the board by at least one (1) or more directors;(ii) up to four (4) directors may be elected by the membership at large <p>d) As a general rule, members who conduct the majority of their business with the credit union:</p> <ul style="list-style-type: none">(i) at branches located in Gilbert Plains, Ethelbert, Dauphin, Winnipegosis, Rorketon shall constitute Fusion Northeast;(ii) at branches located in Roblin, Inglis, Russell, Rossburn shall constitute Fusion Northwest;(iii) at branches located in St. Lazare, Birtle, Binscarth, Miniota shall constitute Fusion Southwest;(iv) at branches located in Brandon, Kenton, Oak Lake, Oak River, Hamiota shall constitute Fusion Southeast; <p>e) A governance committee shall be established by the board to develop and oversee principles, processes and criteria to use in the grouping of the credit union's members into districts and for recommending to the board how many districts are appropriate and how many directors, within the minimum and maximums set out herein, are desirable.</p> <p>f) The assignment of members or branches from one district to another, the increase or decrease in the number of districts, and the number of directors assigned to each district shall be by decision of the board taking into account the governance committee's recommendations, which shall include provisions for the necessary transitional changes relating to the term of office of any current directors, the election of new directors and other transitional issues arising out of such recommendations.</p>	
	6.02 [...]

	<p>(j) At least one (1) director must conduct the majority of their business with the Credit Union at branches located in Gilbert Plains, Ethelbert, Dauphin, Winnipegosis, or Rorketon;</p> <p>(k) At least one (1) director must conduct the majority of their business with the Credit Union at branches located in Roblin, Inglis, Russell, or Rosburn;</p> <p>(l) At least one (1) director must conduct the majority of their business with the Credit Union at branches located in St. Lazare, Birtle, Binscarth, or Miniota; and</p> <p>(m) At least one (1) director must conduct the majority of their business with the Credit Union at branches located in Brandon, Kenton, Oak Lake, Oak River or Hamiota.</p>
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1(d). Clarifies difference between voting by proxy and voting pursuant to a power of attorney.

Current By-law	2023 By-law Review Changes
N/A	5.16 An individual acting pursuant to a power of attorney who votes on behalf of a member of the Credit Union, does so in the right of the member and such vote is not considered a vote by proxy.

1(e). By-law No. 2: A By-law Respecting Appointed Directors is repealed and its content is incorporated into the By-laws.

Current By-law No. 2	2023 By-law Review Changes
<p>This By-law to be enacted following the later of its approval by special resolution of the members of the credit union and the coming into force of Bill 22: <i>The Credit Unions and Caisses Populaires Amendment Act</i>:</p> <p>Appointed directors</p> <p>1.01 Subject to the provisions of the Act, the elected board may appoint additional directors, which number of additional appointed directors must not exceed 1/4 of the total number of directors.</p>	<p>6.02 Subject to the provisions of the Act and these by-laws, the elected board may appoint between one (1) and five (5) additional directors, which number of additional appointed directors shall not exceed 1/4 of the total number of directors at the relevant time.</p> <p>6.05 When appointing directors, the board must have regard to the range of knowledge and experience it needs to discharge its responsibilities effectively.</p> <p>6.07 The term of office for appointed directors shall be a minimum of one (1) year up to a maximum of three (3) years.</p>

<p>Vacancy</p> <p>1.02 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.</p> <p>Term</p> <p>1.03 The term of office for appointed directors shall be 1 year.</p> <p>Successor</p> <p>1.04 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.</p> <p>Knowledge and Experience</p> <p>1.05 When appointing directors, the board must have regard to the range of knowledge and experience it needs to discharge its responsibilities effectively.</p>	<p>6.08 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.</p> <p>6.12 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.</p>
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1(f). A director qualification has been added.

Current By-law	2023 By-law Review Changes
N/A	6.02(c) A candidate must not be an Immediate Family Member of a current employee of the credit union;

1(g). A policy regarding directors responsibilities with respect to confidentiality and conflicts of interest is incorporated into the By-laws.

Current By-law	2023 By-law Review Changes
N/A	6.04 Each director and officer of the Credit Union is prohibited from:

	<ul style="list-style-type: none"> a) without authority, disclosing to another person confidential information about the Credit Union, or its members; 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.
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1(h). The Financial Institutions Regulation Branch has confirmed that at this time, the Board does not have the authority to remove candidates from the list of candidates eligible for election for reason of not having abided by policies enacted by the Board.

Current By-law	2023 By-law Review Changes
<p>6.08 A current director who is proposing to seek re-election to the board cannot be a member of the nominating committee in the year in which they will be required to be re-elected.</p> <ul style="list-style-type: none"> a) Persons seeking election, including those eligible directors whose terms are coming to an end, if any, who are seeking re-election, shall submit their names and other personal information to the committee for consideration in a form and manner as prescribed by the committee, for the purpose of providing adequate notice to members regarding those persons selected, from among the nominations received by the committee, to stand for election. The nominating committee is not obliged to add any person to the list of candidates that does not meet all of the qualifications for being a director as set out in these by-laws. The nominating committee shall include on the list of candidates, any person that meets the eligibility requirements for being a director as set out in these by-laws who is nominated, or who 	<p>6.09 A current director who is proposing to seek re-election to the board cannot be a member of the nominating committee in the year in which they will be required to be re-elected.</p> <ul style="list-style-type: none"> a) Persons seeking election, including those eligible directors whose terms are coming to an end, if any, who are seeking re-election, shall submit their names and other personal information to the committee for consideration in a form and manner as prescribed by the committee, for the purpose of providing adequate notice to members regarding those persons selected, from among the nominations received by the committee, to stand for election. The nominating committee is not obliged to add any person to the list of candidates that does not meet all of the qualifications for being a director as set out in these by-laws. The nominating committee shall include on the list of candidates, any person that meets the eligibility requirements for being a director as set out in these by-laws who is nominated, or who

<p>nominates himself or herself, as a candidate prior to the deadline set by the nominating committee for receiving such nominations;</p> <p>b) The board can, on the recommendation of the governance committee or by its own design, enact rules and policies to govern the nominations and electoral process for candidates, including without limitation, to establish the informational requirements to be supplied by the candidates and to establish deadlines in the nominations process. Each candidate shall abide by all such rules and policies, <i>failing which, the candidate can, by board decision, be removed from the list of candidates eligible for election to the board.</i></p>	<p>nominates himself or herself, as a candidate prior to the deadline set by the nominating committee for receiving such nominations;</p> <p>b) The board can, on the recommendation of the governance committee or by its own design, enact rules and policies to govern the nominations and electoral process for candidates, including without limitation, to establish the informational requirements to be supplied by the candidates and to establish deadlines in the nominations process. Each candidate shall abide by all such rules and policies.</p>
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1(i). Provisions regarding indemnification of directors and officer and directors insurance are found in Act and added to the By-laws for consistency.

Current By-law	2023 By-law Review Changes
<p>N/A</p>	<p>7.01 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:</p> <p>a) acted honestly and in good faith with a view to the best interests of the Credit Union; and</p> <p>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.</p>

	7.02 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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1(j). Provisions regarding by-law amendments are found in Act and added to the By-laws for consistency.

Current By-law	2023 By-law Review Changes
N/A	<p>9.01 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.</p> <p>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.</p>

Part 2:

In addition to the amendments outline above, below are several other proposed "clean-up" amendments:

Section 1.01: Definitions – The definition of Act is amended to include any Regulations made pursuant thereto.

Section 1.01: Definitions – The definition of "branch office" will be deleted as this term is not used in the By-laws.

Section 2.04: Information not available to members – Clarifying language added.

Section 3.02: Patronage refund – Reference to section 3.03 added.

Section 4.02: Conditions of membership – Reference to "associates" added.

Section 4.03: Qualifications of membership – Subsection added to clarify that other credit unions may not be members of the Credit Union, in accordance with the Act.

Section 4.05: Appeal of Termination – Provision added to the By-laws to remove uncertainty.

Section 4.09: Conditions of associate status – Reference to "associates" added.

Section 5.01: Meetings – Existing section 5.02 is replaced with new section 5.01 – *all* meetings shall be held in accordance with the Act.

Section 5.02: Location of meeting – "Place" changed to "Location" to align with terminology used in the Act.

Section 5.05(a): Adjournment – Provision found in Act and added to the By-laws for consistency.

Section 5.05(b): Adjournment – Phrasing revised for clarity.

Section 5.08: Opening Quorum Sufficient – Provision found in Act and added to the By-laws for consistency.

Section 5.10: Voting Eligibility – Provision found in Act and added to the By-laws for consistency.

Section 5.19: Electronic Meetings – Voting – Phrasing added to clarify that voting must be conducted in a manner that allows votes to be individually counted.

Section 6.16: Waiver of Notice – Provision found in Act and added to the By-laws for consistency.

Section 6.29: Electronic Meetings – Voting – Phrasing added to clarify that voting must be conducted in a manner that allows votes to be individually counted.

Section 8.01: Method of Giving Notices – Phrasing updated for clarity.