

First amendments

FIRST CREDIT UNION RULES

Draft Rule Amendments to:

- *allow for loans to SME's and the provision of services to SME'S;*
- *update insurance products able to be offered by First Insurance Limited;*
- *allow for the issue of Credit Union Securities; and*
- *make small consequential changes, as per the accompanying explanatory sheet.*

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RULES
of
FIRST CREDIT UNION

1. The name of the Credit Union shall be: FIRST CREDIT UNION

DEFINITION AND INTERPRETATION

2. In these Rules, unless the context otherwise requires-

'Act' means the Friendly Societies and Credit Unions Act 1982 ~~and any amendment thereto~~

'Annual Meeting' means a meeting called and convened in accordance with Rule ~~25~~28

'Association' means the New Zealand Association of Credit Unions

'Audit Committee' means the audit committee appointed in accordance with Rule ~~46~~49

'Board' means the Board of Directors which is the committee of management as defined in the Act

'Board Committee' means a committee comprising such Members of the Board or third parties as the Board may from time to time establish and to which the Board may, in its discretion, delegate various of its functions under these Rules

'Chair' and 'Vice Chair' means the chair and vice-chair of the Credit Union appointed in accordance with Rule ~~36~~39

'Charity' means any charitable entity under the Charities Act 2005

'Company' means ~~any~~the company established pursuant to Rule ~~34A~~ 36A

'Conflicts Register' means the document set out in Schedule "A" of these Rules

'Credit Union Security' means a credit union security issued pursuant to section 107A of the Act

'Director' means any Member of the committee of management as defined in the Act and appointed in accordance with these Rules

'Education and Promotion Committee' means the committee established by the Board pursuant to Rule 35(o)

'Effect Insurance' includes pay, whether directly or indirectly, the costs of the insurance

'Electronic Communication' includes skype and transmitting to or from a personal computer

'Electronic Transaction' includes any transaction able to be effected by any electronic means whatsoever including, without limitation, direct transfers, EFTPOS and TXT

'Enterprise' means any of the following:

(a) A body corporate;

(b) A firm under the Partnership Act 1908; or

(c) The trustee or trustees of a trust

'Exemption Notice' means any exemption notice for or applicable to Credit Unions issued by the FMA pursuant to the FMC Act

'External Auditor' means the auditor of the Credit Union, who must be licensed under the Auditor Regulation Act 2011

'Fit and Proper Test' means, in respect of each person proposed to be a Director, that person:

(a) Is suitably qualified in terms of skill sets and relevant experience to be a Director;

(b) Is likely to meet all directors' suitability requirements under the Non-Bank Deposit Takers Act 2013 and any other legislation relevant to suitability of credit union directors; and

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- (c) Has the character, competence, financial acumen, honesty, integrity and judgement to enable that person to properly carry out the duties of a Director;

'FMA' means the Financial Markets Authority

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'FMC Act' means the Financial Markets Conduct Act 2013

'General Manager' means the person for the time being holding the position of general manager (howsoever that position is titled) of the Credit Union

'Indemnify' includes relieve or excuse from liability, whether before or after the liability arises; and 'Indemnity' has a corresponding meaning

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'Licence' means the licence issued to First Insurance Limited by the Reserve Bank of New Zealand (modified as at 30 November 2018) pursuant to the Insurance (Prudential Supervision) Act 2010, enabling First Insurance Limited to offer life insurance products, as that Licence may be amended from time to time

'Member' means any person who is a Member, or who is admitted to Membership, of the Credit Union pursuant to these Rules and includes a 'non-qualifying Member' as defined in Rule ~~10~~10 and 'Membership' shall have a corresponding meaning

'Nominating Committee' means the standing committee of the Board, appointed in accordance with Rule ~~31~~34

'Officer' means an ~~Officer~~officer as defined in the Act ~~and includes a former officer~~

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'Receiver' means a receiver, or a manager, or a receiver and manager appointed under the trust deed in respect of any property

'Register' means the register of friendly societies and credit unions maintained by the Registrar

'Regulations' means the Financial Markets Conduct Regulations 2014

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'Registrar' means the registrar of friendly societies and credit unions

'Secretary' means the secretary of the Credit Union appointed in accordance with Rule ~~31~~34

'Share' means a share in the capital of the credit union, as defined in the Act, but does not include a Credit Union Security

'Special Resolution' means a resolution passed in accordance with the requirements for special resolutions under the Act

'Supervisor' means a ~~trustee corporation~~licensed supervisor under the Financial Markets Supervisors Act 2011 appointed by the Trustees, which has entered into a trust deed with the Credit Union

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'Treasurer' means the treasurer of the Credit Union, appointed in accordance with Rule ~~36~~39

'Trust Deed' means a trust deed entered into between the Credit Union and the Supervisor for the monitoring of the affairs of the Credit Union pursuant to the FMC Act; and

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'Trustees' means the trustees of the Credit Union appointed in accordance with sections 28 and 104 of the Act.

3. In the construction and interpretation of these Rules:

- (a) References to statutes or statutory provisions include those statutes or statutory provisions as amended, extended, consolidated, re-enacted or replaced from time to time and any orders, regulations, instruments or other subordinated legislation made under them

- (b) Words importing the singular number include the plural and vice versa, references to any gender include every gender and references to persons include corporations and unincorporated bodies of persons, government or semi-government bodies or agencies or political subdivisions of them

(c) referencesEach reference to 'days' shall be a reference to a calendar day and each reference to 'working day' shall be a reference to a day, other than a Saturday, Sunday or public holiday on which trading banks are open for business in Hamilton

~~(e)~~(d) References to "dollars" and "\$" are references to New Zealand dollars; ~~and~~

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~~(d)~~(e) References to "written" and "in writing" include any means of permanent visible representation and Electronic Communications-;

(f) A "personal representative" of a Member includes a person entitled to be a representative of a deceased Member and the trustees of the property of a bankrupt Member; and

(g) In the event of any inconsistency between the Act and these Rules, the Act will prevail.

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OBJECTS

4. The objects of the Credit Union shall be:-

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(a) The promotion of thrift among its Members by the accumulation of their savings; and

(b) The use and control of the Members' savings for their mutual benefit ~~and to make loans to Members for provident or productive purposes; and, including:~~

(i) for making loans to Members; and

(ii) for making loans under Rule 68(b) and

(c) The provision of products or services under Rule 70; and

~~(e)~~(d) The training and education of the Members in the wise use of money and in the management of their financial affairs; and

~~(d)~~(e) At the discretion of the Credit Union and as a minor adjunct to its other objects, the welfare of its Members and the making of donations for charitable, cultural, benevolent, or philanthropic purposes.

EFFECT OF RULES

5. These Rules are binding in accordance with their terms, as between:

(a) The Credit Union and each Member; and

(b) Each Member.

REGISTERED OFFICE

5-6. The registered office of the Credit Union shall be at 111 Collingwood Street, Hamilton or at such other place as the Board may from time to time decide. Notice of any change in the registered office shall be sent to the Registrar within 14 days.

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MEMBERSHIP

6-7. Admission to Membership of the Credit Union shall be limited to:

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(a) Any person residing or working in New Zealand including any such person aged 16 years or younger

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(b) Any person who is a Member of the same household as, and is a relative of, a person who has been admitted to Membership and who continues to qualify for admission to Membership, of the Credit Union under paragraph (a) hereof

(c) A charitable entity as defined by the Charities Act 2005

(d) An incorporated society registered under the Incorporated Societies Act 1908

(e) In paragraph (b) of this Rule, the term 'relative', in relation to any person, means:

(i) The spouse of that person including any former spouse or de facto spouse;

(ii) Any lineal ancestor, lineal descendent, brother, sister, uncle, aunt, nephew, niece, or first cousin of that person or that person's spouse;

(iii) The spouse (including any former spouse or de facto spouse) or any relative specified in subparagraph (ii) hereof.

7-8. An applicant shall be admitted to Membership provided:

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(a) The applicant has completed an application in writing on a form prescribed by the Board; and

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(b) The applicant qualifies for admission to Membership under Rule 67; and

~~(c) The applicant has paid any entrance fee payable in accordance with these Rules; and~~

~~(d)(c) The application has been approved by the Board.~~

8-9. A person, charitable entity, or incorporated society, that fails to hold at least one fully paid-up ~~share~~Share in the Credit Union, or such higher number as may be determined by the Board but not exceeding \$10 in fully paid-up ~~shares~~Shares, shall not be permitted to become or to remain a Member of the Credit Union.

9. ~~The minimum amount that a Member can deposit by way of a single transaction with the Credit Union is \$10.00 provided this restriction shall not apply to deposits lodged through a school banking programme.~~

10. (a) A Member who ceases to fulfil the qualifications for Membership under Rule 67 shall be entitled, subject to Rule ~~(b); 11~~, to retain that Membership and in these Rules shall be referred to as a 'non-qualifying Member' **provided** that a Member shall not cease to fulfil the qualifications for Membership by reason merely of retirement from a particular occupation or employment for a particular employer.

(b) The savings accounts of any Member who ceases to operate at least one savings account and/or loan account during any period of twelve consecutive months shall be deemed to be dormant accounts.

(c) An annual account fee for dormant accounts may be prescribed in accordance with these Rules, provided however that if the Member operates the account at any time within five years of the account becoming dormant or if the Member is terminated pursuant to Rule ~~(b); 11~~, whichever occurs first, the annual account fees deducted under this Rule shall be refunded in full. For the purposes of this Rule the dormancy of the account shall be deemed to commence at the beginning of the 12-month period in which the account is first found to be dormant.

11. (a) The number of non-qualifying Members shall not at any time exceed 10 percent of the total Membership of the Credit Union. ~~In such event~~

~~(b) If, at any time, the number of non-qualifying Members exceeds 10 per cent of the total Membership of the Credit Union~~ the Board shall have power to terminate the Membership of as many non-qualifying Members as are necessary to reduce the number to 10 percent of the total Membership.

~~(b)(c)~~ The Board in exercising its power under ~~this Rules~~Rule 11(b) shall terminate the Membership of those persons which it considers to have had the least involvement in the Credit Union. In the event that the Board is unable to make a distinction on such ground the persons whose Memberships are to be terminated shall be selected by means of a ballot conducted from a group of non-qualifying Members selected by the Board as having had the least involvement in the Credit Union.

~~(d) The Credit Union will repay the Shares of any non-qualifying Member whose Membership is terminated and will repay the Credit Union Securities of such a Member, only in accordance with Rule 13~~

12. A Member, or the Member's personal representative, may request to withdraw from the Credit Union at any time. In such event ~~all~~:

~~11.(a)~~ All amounts paid ~~in up~~ on ~~shares~~Shares shall be paid to the Member as funds become available ~~and only, but~~ after deducting therefrom any amounts due from the Member to the Credit Union; ~~but~~

~~(b) Credit Union Securities shall only be repaid to the Member in accordance with their terms of issue.~~

~~12-13.~~ A Member may be expelled from Membership of the Credit Union by the General Manager but shall have a right to appeal such decision to the Board of Directors or a subcommittee of the Board set up for that purpose. The decision of the Board shall be final. In the event of such expulsion the Member shall have the same rights and be subject to the same obligations as a Member withdrawing from the Credit Union under Rule ~~11~~12.

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CAPITAL AND LIABILITY

~~13-14.~~ The Credit Union shall issue ~~shares~~Shares in its capital subject to the following:

- (a) Each ~~share~~Share shall have a par value of one dollar which may be paid for in whole or in part. A part payment shall be deemed to be a subscription in advance and no ~~share~~Share shall be allotted to a Member until it has been fully paid
- (b) The maximum amount of ~~shares~~Shares which may be held by any one Member shall be fixed, from time to time, by the Board
- (c) Money paid in on ~~shares~~Shares may be withdrawn at any time by any means including, by Electronic Transaction, cheque or bill of exchange (whether payable to the Member or any other person at the Member's discretion) but the Board shall have the right at any time to require Members to give 60 days' notice of their intention to withdraw the whole or any part of the money so paid
- (d) If a withdrawal of ~~shares~~Shares would reduce a Member's paid-up holding in the Credit Union to less than the Member's total liability (including any contingent liability) to the Credit Union whether as borrower, or guarantor, or otherwise, then:
 - (i) In the case of a non-qualifying Member, the withdrawal shall not be permitted; and
 - (ii) In any other case the withdrawal shall be permitted only at the discretion of the Board.
- (e) ~~shares~~Shares in the Credit Union shall not be transferable and the Credit Union shall not issue a certificate to a Member denoting ownership of a ~~share~~Share
- (f) A ~~share~~Share may be held by two or more Members jointly. For the purposes of the Act the person first named on the Credit Union's ledger shall be deemed to be the Member to whom the ~~share~~Share was allotted.

~~14-15.~~ Notwithstanding that ~~shares~~Shares are not transferable, a Member may nominate a person or persons to receive any ~~shares~~Shares that the Member may have in the Credit Union at his or her death or any sum of money payable by the Credit Union at that time. Such nomination shall be in writing on a form prescribed by the Board and delivered or sent to the registered office. The maximum value of ~~shares~~Shares or sum of money so nominated shall not exceed the sum of \$2,000 in total (or such other sum as may from time to time be authorised by the Act).

~~15-16.~~ In the case of the death of a Member, the survivor or survivors where the deceased was a joint holder of ~~shares~~Shares, and the legal personal representative of the deceased where the deceased was a sole holder of ~~shares~~Shares, shall be the only persons recognised by the Credit Union as having any title to the deceased's interests in the ~~shares~~Shares. In the case of the death of a joint holder of ~~shares~~Shares his or her estate shall remain liable in respect of any ~~share~~Share which had been jointly held by that Member with other persons.

~~17.~~ Where a Member dies or becomes bankrupt, the Member's personal representative or the assignee of the Member's estate, as the case may be, shall be entitled, upon the production of such evidence as may from time to time be properly required by the Board, to be paid all amounts paid in on ~~shares~~Shares as funds become available and after deducting therefrom any amounts due from the Member to the Credit Union: and any amount payable on Credit Union Securities, subject to the terms of issue of those Credit Union Securities.

~~16-18.~~ The Share capital of the Credit Union is issued on the condition that its value may be written down and that any Shares may be consolidated with other Shares held by the Members in reduction of any accumulated losses of the Credit Union in the same proportion as all other Shares issued in the capital of the Credit Union are written down and consolidated, provided always that any such write down by capital and consolidation of Shares is recommended by the Board and approved of by a Special Resolution.

~~17-19.~~ The Credit Union may issue Credit Union Securities to Members on the following terms:

- (a) Credit Union Securities:
 - (i) are transferrable only between Members; and
 - (ii) confer no voting rights; and

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- (b) ~~In the event of the Credit Union being wound up, claims for Credit Union Securities must not be paid until all creditors' claims and claims relating to Shares have been paid; and~~
- (c) ~~In the event of the Credit Union incurring losses that exceed its retained earnings and reserves, the value of the Credit Union Securities must be written down accordingly; and~~
- (d) ~~On such additional terms as the Board thinks fit.~~

FEES, LEVIES AND CHARGES

~~18-20.~~ Members shall pay for services provided by the Credit Union:

- (a) Fees, levies and charges as determined by the Board, provided that such fees, levies and charges and any changes thereto shall not come into force until such time as they are sent by notice to all Members.
- (b) Where the Credit Union incurs a charge from another organisation when acting on a Member's behalf, or incur legal fees, or fees associated with the registration of securities or in respect of credit references obtained with the consent of the Member, the Credit Union may pass those costs on to the Member.

FINES AND FORFEITURES

~~19-21.~~ No fines or forfeitures shall be imposed on any Member.

FINANCIAL YEAR

~~20-22.~~ The financial year of the Credit Union shall be from the 1st day of July to the 30th day of June each year, both dates inclusive.

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MEETINGS OF MEMBERS

~~21-23.~~ The Credit Union shall be governed by an Annual Meeting and between these meetings its affairs shall be conducted by the Board. Meetings of the Members shall be called as follows:-

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- (a) The Annual Meeting shall be held not later than the 30th day of September in each year at such time and place as the Board may prescribe
- (b) Special Meetings of Members may be called by the Board or the Trustees and shall be called by the Chair ~~of the Board~~ on receipt of a written application of Members as follows:
 - (i) Where the Membership of the Credit Union does not exceed 1000 Members, an application made by one-tenth of the whole number of Members.
 - (ii) Where the Membership of the Credit Union exceeds 1000 Members, an application made by 100 Members.
- (c) At least seven days before any meeting of the Members the Secretary shall cause notice thereof to be given to each Member.

~~22-24.~~ The business at Annual Meetings shall be:

- (a) To ascertain that a quorum is present
- (b) The minutes of the last Annual Meeting (where appropriate)
- (c) Report of Directors
- (d) Presentation of the Audited Financial Statements
- (e) Report of Treasurer
- (f) Report of the Trustees
- (g) Appointment of Auditor
- (h) Any other reports
- (i) Unfinished business
- (j) New business other than remuneration and election of Directors
- (k) Remuneration of Directors
- (l) Elections
- (m) Adjournment

~~23-25.~~ The Annual Meeting may suspend or vary the order of business upon a two-thirds majority vote provided that the conduct of elections shall be the final item of business to be transacted at the meeting.

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~~24-26.~~ A charitable entity or incorporated society that is a Member of the Credit Union under these Rules shall be entitled to appoint by notice in writing, signed by the Chair and Secretary of the entity or society, its representative at a meeting of Members. Such representative if so appointed shall be entitled to vote on behalf of that entity or society, provided that the notice shall not be effective unless it specifies whether the appointment is for a particular meeting or a specified term and a copy of the notice is delivered to the Credit Union not less than 24 hours before the stated commencement time of the meeting.

~~25-27.~~ At Annual and Special Meetings 15 Members shall constitute a quorum. If no quorum is present, an adjournment may be taken to a date not less than seven, nor more than 17 days, thereafter. The Members present at any date to which the meeting is so adjourned shall constitute a quorum regardless of the number present. At least five days before the meeting so adjourned the Secretary shall cause notice thereof to be given to each Member.

ELECTIONS

~~26-28.~~ The procedure for the nomination and election to office of the Directors and Trustees shall be as follows:

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- (a) At least 90 days before the proposed Annual Meeting the secretary shall cause notice to be given to Members:
 - (i) Of the intention of the Credit Union to hold its Annual Meeting and the approximate date of that Annual Meeting;
 - (ii) Providing details of the vacancies and preferred skills required by the Board for which elections are to be held at the next Annual Meeting;
 - (iii) Calling for nominations for such vacancies which together with the candidates' curriculum vitae detailing their relevant skills and experience shall be sent in writing addressed to and received by the Secretary not less than 60 days prior to the Annual Meeting.
- (b) The notice referred to in Rule ~~25(a)~~28(a) may be given in writing, electronically or by publication in daily metropolitan newspapers.
- (c) The Secretary shall provide details of any nominations received pursuant to Rule ~~25(a)(iii)~~28(a)(iii) to the Nominating Committee (together with the curriculum vitae for each nominee).
- (d) It shall be the duty of the Nominating Committee to nominate at least one Member for each vacancy for which elections are being held and to advise the Secretary of such nominations at least 30 days prior to each Annual Meeting. The nominees may be persons nominated by the Members pursuant to Rule 26(a) or persons nominated by the Nominating Committee itself.
- (e) The Nominating Committee will only nominate members for vacancies on the Board if the Nominating Committee is of the opinion that those nominees will meet the Fit and Proper test.
- (f) No charitable entity or incorporated society that is a Member under these Rules may be nominated for, or elected to, any office in the Credit Union provided that this shall not prevent a person appointed to represent under Rule ~~23~~26 from being nominated and elected to office if a Member of the Credit Union in his/her own right.
- (g) At least 21 days before the Annual Meeting the Secretary shall cause notice to be given to each Member of the following:
 - (i) The date of the Annual Meeting;
 - (ii) Details of the vacancies for which elections are being held;
 - (iii) The names of the persons nominated by the Nominating Committee for the Board vacancies.
- (h) The Secretary shall cause ballot papers to be prepared for distribution to Members at or before the Annual Meeting. Voting papers may be actual or electronic at the option of the Board.

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- (i) All elections shall be determined by a majority vote and shall be by ballot except where there is only one nominee for the office.
- (j) Elections shall be conducted by one ballot for all offices or by separate ballots in which event the elections shall be conducted in the following order:
 - (i) Election of Directors;
 - (ii) Election of Trustees.
- (k) Following the appointment of scrutineers by the Chair the physical ballot papers shall be distributed, the votes shall be taken and tallied by the tellers (which includes tallying all physical and, if permitted, electronic voting papers) and the results announced.
- (l) Forthwith after the election of any new Director, the Nominating Committee shall cause to be sent to the Reserve Bank of New Zealand a suitability notice (as that term is defined in the Non-Bank Deposit Takers Act 2013) in respect of all newly elected Directors.
- (m) Where there have been any suitability issues raised in the suitability notice of any Director, that director may not hold office unless and until, the Reserve Bank of New Zealand has issued a notice of non-objection in connection with that Director under section 16 of the Non-Bank Deposit Takers Act 2013. In all other situations the Director shall take office once the suitability notice is sent to the Reserve Bank of New Zealand.

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RIGHT OF VOTING

27-29. On every matter which is determined by a vote of Members the following Rules shall apply:

- (a) Subject to Rule ~~26(b)~~29(b) every Member who has attained the age of sixteen (16) years by the closing date for voting shall be entitled to vote and shall have one vote only.
- (b) Where a ~~share~~Share is held by 2 or more Members jointly, the person first named on the Credit Union ledger shall have sole voting rights in any meeting of the Credit Union.
- (c) ~~Subject to Rules 26(d) and 26(e) the chairperson of the meeting 29(d) and 29(e) the Chair may generally decide whether there will be voting by voice or voting by show of hands and proxy, provided that where voting by Electronic Communication or by a proxy applies to the meeting there must be one vote per Member present, in person or by proxy, or voting by Electronic Communication.~~
- (d) ~~In the case of a motion for dissolution of the Credit Union pursuant to Rule 76, the votes of Members shall be cast in person. In any other case, where~~Where a Member resides at a distance of not less than 100 kilometres from the place appointed for any meeting at which elections are to be conducted, or a Special Resolution is to be moved, that Member may cast a postal vote by means of a ballot paper prepared for this purpose and obtainable on request from the Secretary.
- (e) Where a Special Resolution is proposed for any meeting, each Member may also vote by proxy. A proxy for a Member is entitled to attend and be heard at a meeting of Members as if the proxy were the Member.
- (f) A proxy must be appointed by notice in writing, in the form from time to time prescribed (or otherwise approved) by the Board. The notice must state whether the appointment is for a particular meeting or for a specified term.

BOARD OF DIRECTORS

28-30. The Board of Directors shall be constituted as follows:

- (a) Subject to Rule ~~27(b)~~30(b), the Board shall comprise not less than five (5) nor more than nine (9) Directors, which number may include up to two (2) co-opted ~~directors~~Directors who do not have to be elected by the Members or have a contractual relationship with the Credit Union, ~~other than holding shares. All but the two of whom shall the co-opted Directors must be Members of the Credit Union.~~
- (b) Notwithstanding Rule ~~27(a)~~30(a), the minimum number of Directors may be less than 5 for so long as the Reserve Bank of New Zealand is dealing with the suitability notice of any elected Director.

- (c) If the Reserve Bank of New Zealand notifies the Credit Union that any elected Director is unsuitable to be a Director that person shall not take office.
- (d) Subject to Rule ~~27(e)~~30(e) the term of each Director shall be three years or until the election and qualification of a successor or until disqualification of that Director.
- (e) In the event of a vacancy on the Board caused by the death, resignation or disqualification of a Director, the Board shall appoint a Member to fill the vacant office and that Member shall subject to Rule ~~27(e)~~30(c) hold such office until the next Annual Meeting or until the election and qualification of a successor.

~~29-31.~~ (a) The Board shall meet on at least one occasion each month at a time and place (and/or manner) to be determined by the Board. The Chair or in his/her absence the Vice-Chair, or in their absence, the Secretary, may call a Special Meeting of the Board at any time and shall do so upon the written request of any three Directors. The Chair, Vice-Chair or Secretary, as the case may be, shall fix the time and place of any Special Meeting unless the Board by resolution prescribes otherwise. Notice to the Directors of all meetings of the Board shall be given in such manner as the Board may from time to time by resolution prescribe.

- (b) The manner of a meeting of the Board shall include a meeting held by means of audio or audio-visual communication by which all Directors participating and constituting a quorum can simultaneously hear each other throughout the meeting.

~~30-32.~~ Directors comprising fifty per cent or more in number shall constitute a quorum for the transaction of business at any meeting of the Board, but fewer than a quorum may adjourn from time to time until a quorum is in attendance. Proxy voting is not permitted. Written notice of an adjourned meeting need not be given to the Directors. If a Director fails to attend 3 consecutive meetings of the Board or otherwise fails to perform any of the duties of the office, the office may be declared vacant by the Board which shall then be filled in accordance with Rule ~~2730~~(e).

~~31-33.~~ The Board may ~~regulate the manner in which it conducts its meetings and (without limitation) this may be by audio, or audio and visual, communication by which all Directors participating and constituting a quorum can simultaneously hear each other throughout the meeting establish such committees as it sees fit to carry out such delegated functions as the Board may direct.~~

~~32-34.~~ The Nominating Committee will be a standing committee of the Board and will, at any time, comprise those Directors whose terms of office continue beyond the next Annual Meeting.

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

~~33-35.~~ The Board ~~shall~~is authorised to determine, promulgate and implement the policies of the Credit Union and shall be responsible for the general management of the affairs and records of the Credit Union. In addition ~~to and without limiting~~ the duties customarily performed by a Board of Directors, the Board ~~shall~~may:

- (a) Prescribe the forms to be completed by applicants for Membership, to act upon applications for Membership and to establish such procedures as will ensure that Membership applications are processed with a minimum of delay.

~~(b) Maintain policies of insurance which shall provide life savings insurance and loan protection insurance. The Board shall ensure that each Member receives a certificate of insurance which sets out the terms and conditions of such insurance and that the same policy be available for inspection at all times.~~

~~(c)(b)~~ Determine the lending policy of the Credit Union, ~~to its Members and ensure that the details of the lending policies, from time to time in force, are readily available to Members.~~

~~(d)(c)~~ Determine from time to time the rate or rates of interest consistent with the provisions, if any, prescribed by law which should be charged on loans.

~~(e)(d)~~ Establish the terms on which ~~Christmas Clubs and other types of~~Share accounts may be established for Members provided that subscription shall be by ~~shares~~Shares which shall rank equally with all and any other ~~shares~~Shares issued by the Credit Union.

~~(f) Declare dividends from earnings~~

~~(e)~~ Declare dividends on Shares in accordance with Rule ~~74~~ and distributions on Credit Union Securities in accordance with Rule ~~75~~.

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- (g)(f) Authorise the employment of such person or persons as may be necessary to carry on the business of the Credit Union and fix the remuneration of such persons including the Treasurer.
- (h) ~~Borrow money within the terms and limits set from time to time by the Board and approved by the Supervisor.~~
- (i) ~~Ensure that the Treasurer and every other officer having the receipt or charge of money shall, before taking up office, give security in accordance with section 114 of the Act.~~
- (g) Determine the borrowing policy of the Credit Union.
- (j)(h) Determine the investment policy for the Credit Union and ensure investments made by the Trustees are in compliance with these Rules, the Trust Deed and the Act.
- (k)(i) Cause proper accounting records to be kept relating to the transactions of the Credit Union and its assets and liabilities in accordance with ~~sections 60 and~~ section 121 of the Act.
- (j)(i) Establish and maintain a satisfactory system of control of the accounting records of the Credit Union, its cash holdings and all its receipts and payments in accordance with section 121 of the Act.
- (m)(k) Institute and maintain procedures for the prevention and detection of fraud or other dishonesty by any of the ~~officers~~ Officers or employees of the Credit Union and to take out and maintain a policy or policies of insurance providing cover against any such fraud or other dishonesty in accordance with section 133 of the Act.
- (n)(l) Maintain an appropriate insurance cover over the fixed assets of the Credit Union and for all other risks as circumstances may warrant.
- (m) Establish the additional terms on which Credit Union Securities may be offered, pursuant to Rule 19(d).
- (o)(n) Maintain a Conflicts Register at the registered office of the Credit Union in the format set out in Schedule "A" of these Rules and ensure that it is properly updated and maintained in accordance with Rule ~~62(d)~~ 65.
- (p)(o) Establish ~~Appoint~~ an Education and Promotion Committee (of such size and membership as the Board may from time to time determine) to further development of the Credit Union and an understanding of its principles and philosophies and whose functions shall include the promotion of the Credit Union and the fostering of education and training of its Members and ~~officers~~ Officers.
- (q)(p) Give meaningful effect to the objects of the Credit Union set out in Rule 44 hereof.
- (r)(q) Ensure that the Credit Union complies with all of its obligations under the Act.
- (s)(r) Perform or authorise any action consistent with the provisions of the law and these Rules, not specifically reserved by these Rules for the Members.
- (t)(s) Perform such other duties as the Members, may from time to time require.
- (u)(t) ~~Appoint an Audit Committee in accordance with Rule 46 hereof. Establish and delegate funds to and appoint and remove such Board Committees as the Board may from time to time determine.~~
- (v)(u) ~~Delegate~~ Have the power to delegate any duties customarily performed by the Board, subject to the Trust Deed and the Act.
- 34-36. The Board may enter into agreements with any other person in relation to the provision of direct credit or direct debit services or telephone services or any services associated with Electronic Transactions.
- 34A36A The Board may:
- (a) Establish a Company, which has as its purpose and object the provision of ~~loan~~ protection insurance ~~to members~~ as permitted by the Licence; and
- (b) Request the trustees to subscribe for shares in such Company.

REMUNERATION OF DIRECTORS

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~~35.37.~~ Legitimate expenses of elected ~~officers~~**Officers** may be reimbursed including any loss of salary or wage from the ~~officer's~~**Officer's** regular employment if this has directly resulted from having to attend to the business of the Credit Union and payment for such attendance has been approved by the Board.

~~36.38.~~ Fees, honoraria and meeting payments (other than the remuneration of the Treasurer) may be paid to the Directors ~~(including any Associate Director)~~ in such amounts and manner as the Board in its absolute discretion may decide provided however that the total fees, honoraria, and meeting payments so paid shall not exceed that sum which has been approved at an immediately preceding Annual Meeting (or adjourned Annual Meeting) of the Members of the Credit Union.

OFFICERS

~~37.39.~~ The ~~officers~~**Officers** of the Credit Union shall be elected and hold office as follows:

- (a) Within seven days following each Annual Meeting, the Directors shall elect from their own number a Chair, Vice-Chair, Treasurer and Secretary provided that no person who is 19 years of age or younger shall hold the office of Treasurer.
- (b) The offices of Secretary and Treasurer may be combined subject to the consent in writing of the Registrar.
- (c) Unless sooner removed, as herein provided, the ~~officers~~**Officers** so elected shall hold office for a term of one year or until the election and qualification of their respective successors.
- (d) In the event of a vacancy in the office of Chair, Vice-Chair, Treasurer, and/or Secretary, caused by the death or disqualification of an ~~officer~~**Officer** so elected, the Directors shall elect from their own number a person to fill the vacant office and that person shall hold such office until the next Annual Meeting or until the election and qualification of a successor.

~~38.40.~~ The Credit Union is authorised by resolution of the Board to ~~effect insurance~~**Effect** ~~Insurance~~ to indemnify an ~~officer~~**Officer** in respect of:

- (a) Liability, not being criminal liability or liability in respect of a breach of any fiduciary duty owed to the Credit Union, for any act or omission in his or her capacity as an ~~officer~~**Officer**; or
- (b) Costs incurred by that ~~officer~~**Officer** in defending or settling any claim or proceeding relating to such liability; or
- (c) Costs incurred by that ~~officer~~**Officer** in defending any criminal proceedings in which he or she is acquitted.

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CHAIR AND VICE CHAIR

~~39.41.~~ The functions of the Chair shall be as follows:

- (a) The Chair shall preside at all meetings of the Members and at all meetings of the Board. In addition, the Chair shall perform such other duties as are customarily performed by a Chair or as he/she may be directed to perform by resolution of the Board not inconsistent with the provisions of the law or these Rules.
- (b) The Vice-Chair shall have and exercise all the powers, authority and duties of the Chair during the absence of the Chair or during any period when the Chair is unable to act.
- (c) In the absence of the Chair and the Vice-Chair at any meeting of the Members, or meeting of the Board, the Directors may elect one of their Members to act as Chair of that meeting.
- (d) The Chair, Vice-Chair or Acting-Chair in addition to their own personal vote shall have a casting vote which may be exercised in the event of equality of voting on any matter before a meeting of Members or of the Board provided always that such casting vote shall be exercised in favour of the existing condition.

DUTIES OF THE TREASURER

~~40-42.~~ The Treasurer shall:

- (a) Make or cause all payments received by the Credit Union and all cash held that is surplus to its cash operating requirements as may be determined by the Board to be deposited within 3 working days in such bank accounts as are authorised by the Board.
- (b) Make or cause to be prepared each month, an informative financial statement showing the cash and deposited funds of the Credit Union, operational gains and losses, assets and liabilities, and the key prudential ratios of the Credit Union as at the close of business on the last day of the month, such statement to be presented by the Treasurer at the next available Board meeting
- (c) Cause to be prepared in respect of each financial year, the annual financial statements in accordance with the Financial Reporting Act 2013, and all documents required to be filed under the FMC Act and the Regulations.
- (d) Within ~~three~~four months of the close of each financial year ~~of the Credit Union~~ send to the Registrar an Annual Return for that financial year in accordance with section 127 of the Act.
- (e) Make available on the application of a Member or person interested in the funds of the Credit Union, without charge, a copy of the last Annual Return together with a copy of the report of the auditors in accordance with section 129 of the Act.
- (f) Keep available for inspection at the registered office:
 - (i) An indexed register of Members which shall be open to inspection by any Member, in accordance with section 130 of the Act; ~~and~~
 - (ii) The books and accounts of the Credit Union which shall be open to inspection by any Member or other person having an interest in the funds of the Credit Union provided that no person (unless he or she is an official of the Credit Union acting in the course of his or her duties) shall inspect any accounts of another Member without the written authority of that Member, ~~in accordance with section 131 of the Act;~~
 - (iii) A copy of the last annual financial statements together with report of the auditor which shall be open to inspection by any Member, or other person having an interest in the funds of the Credit Union, in accordance with section 132 of the Act.
- (g) Perform such other duties as he or she may be directed to perform by resolution of the Board not inconsistent with the provisions of the law or these Rules.

~~41-43.~~ The Board may appoint one or more persons to act as assistant Treasurer and authorise such person or persons under the direction of the Treasurer to perform any of the duties devolving on the Treasurer. An assistant Treasurer may also act as Treasurer during the absence of the Treasurer or in the event that the Treasurer is unable to act.

DUTIES OF THE SECRETARY

~~42-44.~~ The Secretary shall:

- (a) Prepare and maintain full and correct records of all meetings of the Members and the Board;
- (b) Give, or shall cause to be given, in the manner provided in these Rules, proper notice of all meetings of the Members;
- (c) Supply to any Member upon demand a copy of the current registered Rules of the Credit Union;
- (d) Perform such other duties as the Secretary may be directed to perform by resolution of the Board not inconsistent with the provisions of the law or of these Rules.

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TRUSTEES

~~43-45.~~ The Trustees of the Credit Union shall be elected and hold office as follows:

- (a) There shall be three Trustees who shall have attained the age of 20 years and who shall be elected annually (at each Annual Meeting) by the Members from those members of the Board who are at that Annual Meeting continuing as members of the Board ~~without election~~.
- (b) The same person shall not hold the office of Secretary and/or Treasurer of the Credit Union while holding at the same time a position as Trustee of the Credit Union.
- (c) The Trustees shall choose from among their number a chair and secretary which offices may be held by the same person. The secretary shall be responsible for the maintenance and safe custody of full and correct records of every action taken by the Trustees.
- (d) Within 14 days after the election of a Trustee the secretary of the Trustees shall send to the Registrar a copy of the resolution signed by the Trustee so elected and by the ~~secretary~~ Secretary.
- (e) As soon as practicable after the death, resignation or disqualification of a Trustee, a new Trustee shall be elected by the Members from the Board.

~~44-46.~~ The Trustees shall meet on at least one occasion each month at a time and place to be determined by the Trustees. Notice of such meetings shall be given to the Trustees in such manner as they may from time to time by resolution prescribe. The Trustees shall keep a record of all such meetings.

~~45-47.~~ The Trustees shall:

- (a) Act as the Credit Committee for the Credit Union and fulfil all statutory duties required of the Trustees. In the event of a vacancy on the Credit Committee caused by the death, resignation or disqualification of a Trustee the Board may elect from their own number a person to fill the vacant office and that person shall hold such office until the election and qualification of a successor.
- (b) Supervise ~~(or delegate to such authorised employees of the Credit Union as the Trustees may prescribe from time to time the supervision of)~~ all loans made by the Credit Union to Members and review any loan application they deem fit to determine whether the security offered by the Member is sufficient and the terms upon which such loan shall be made.
- (c) Control all bank accounts under such terms as may be determined by resolution of the Trustees.
- (d) Hold all property ~~(including real property)~~ belonging to the Credit Union which shall be vested in the Trustees for the use and benefit of Members and all persons claiming through any of them according to these Rules.
- (e) Pay any moneys received by the Trustees on account of any investment of the Credit Union within three working days to the Treasurer with full particulars so as to enable the accounts to be correctly kept.
- (f) Borrow money on such terms and conditions as are approved by the Board.
- (g) Make loans to Members for such purposes and upon such security (or without security) and on such conditions as the Board may from time to time approve.
- (h) Invest the Credit Union's surplus funds (as that term is used in the Act):
 - (i) on deposit with any bank;
 - (ii) in any other investment with any other financial institution or class of financial institutions as may from time to time be approved by the Board and the Supervisor; and
 - (iii) otherwise in accordance with Section 117 of the Act.
- (i) Subscribe for and hold ~~shares~~ Shares in any Company established pursuant to Rule 34A as trustees, in the same capacity as all other property of the Credit Union is held by the trustees, subject to such terms as the Board may from time to time require.

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- (j) Appoint and remove the directors of any Company established pursuant to Rule 34A, subject to and in accordance with the constitution of such Company.
- (k) Make a monthly report on loan matters to the Board and a general report to the Members at the Annual Meeting.

DEALING WITH LAND AND BUILDINGS

~~46-48.~~ The Credit Union may, in the name of its Trustees, purchase, hold, take on lease, or otherwise deal with:

- (a) Any land, and may sell, exchange, mortgage, or lease any such land, and erect, equip, furnish, alter and maintain, or pull down buildings on it;
- (b) Any building or part of a building, and equip, furnish, alter, and maintain, or pull down any such building.

AUDIT COMMITTEE

~~47-49.~~ There shall be an Audit Committee which shall be appointed by the Board as a committee of the Board and shall consist of two or more Members, at least one of whom shall be a Member of the Board, as the Board in its absolute discretion may decide.

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~~50. In addition to the power to appoint the Audit Committee, the Board may remove any members of the Audit Committee and, in the event of a vacancy on the Audit Committee caused by the removal, death or resignation of a member of the Audit Committee, the Board may nominate a replacement Audit Committee member.~~

~~48-51.~~ The Audit Committee shall:

- (a) Ascertain that all actions by the Trustees and the Board are in conformity with:

- (i) these Rules
- (ii) the Non-Bank Deposit Takers Act 2013;
- (iii) the Act; and
- (iv) the FMC Act and the Regulations.

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- (b) Make or cause to be made a routine operating inspection of the affairs of the Credit Union at least once every three months, which shall include an examination of its books including the system of control maintained under section 455(2) of the FMC Act, and an inspection of the securities, cash, accounts, and loans.

~~(c)~~ Inspect the Conflicts Register and ensure that it is properly updated and maintained by the Board in accordance with Rule ~~62(d)-65(d)~~.

~~(c)(d)~~ Perform such functions as may be delegated to the Audit Committee by the Board, from time to time.

~~(d)(e)~~ Report to the Board with its recommendations on the appointment (or non-appointment) of an Internal Auditor, and the duties, job description, and requirements incidental to such position.

~~49-52.~~ The Audit Committee shall cause to be expeditiously made, annual and/or six-monthly audits of the Credit Union's Financial Statements and written reports in accordance with sections 122 to 125 of the Act and with the FMC Act.

~~50-53.~~ The Audit Committee shall make recommendations on the appointment of the External Auditor and regularly liaise with and consider the advice and recommendations of the External Auditor with regard to the matters set out in Rule ~~47~~51.

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APPOINTMENT OF EXTERNAL AUDITOR

~~51-54.~~ The Credit Union shall appoint a properly qualified, licenced and independent person to be the Credit Union's External Auditor, with responsibility to audit the financial statements of the Credit Union in each ~~financial~~ year in accordance with Sections 123 and 124 of the Act and in accordance with the FMC Act.

SUPERVISION

~~52-55.~~ In order to comply with the FMC Act and the Regulations, the Trustees may on the recommendation of the Board enter into a Trust Deed with a Supervisor in a form approved by the Board pursuant to which:

- (a) The Supervisor covenants to monitor the affairs of the Credit Union for the benefit of Members;
- (b) The Supervisor may in certain circumstances give directions in respect of the administration of the affairs of the Credit Union which are binding on the Trustees and the Board and on the Credit Union; and
- (c) The Credit Union agrees to provide security to the Supervisor for the benefit of Members by way of an agreement to assign its undertaking to the Supervisor.

~~53-56.~~ Upon entry into any such Trust Deed the Supervisor shall be deemed to be a person claiming through the Members pursuant to section 112(1) of the Act and the Trustees and Board will act accordingly.

~~54-57.~~ Any directions given by the Supervisor to the Trustees and/or the Board under the powers conferred on the Supervisor in the Trust Deed shall be given effect to by the Trustees and each Director and be binding on all Members.

~~55-58.~~ The Credit Union and the Trustees are authorised to appoint from time to time by deed in a form to be approved by the Board ~~and~~ the Supervisor, any Receiver appointed by the Supervisor and each of the Supervisor's officers for the time being severally to be the Credit Union's attorney or attorneys for such purposes and with such powers, authorities and discretions and for such period and subject to such conditions as the Board may think fit, and any such powers of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit and may also authorise any such attorney to delegate all or any of the powers, authorities and discretions vested in him or her.

~~56-59.~~ The Supervisor, through any of its agents, attorneys or representatives, may attend at any meeting of the Credit Union and shall have the standing and right to speak and be heard at any such meeting, whether in relation to any matter arising during the course of the business of that meeting or any other matter which the Supervisor wishes to raise at the meeting.

~~57-60.~~ At any time, the Supervisor may call a meeting of Members to raise and discuss any issue relating to the administration of the affairs of the Credit Union. The Supervisor shall be responsible for chairing any such meeting.

~~58.~~ ~~The share capital of the Credit Union shall be issued on the condition that its value may be written down and that any shares may be consolidated with other shares held by the Members in reduction of any accumulated losses of the Credit Union in the same proportion as all other shares issued in the capital of the Credit Union are written down and consolidated provided always that any such write down by capital and consolidation of shares is recommended by the Board and approved of by a Special Resolution.~~

~~59-61.~~ The Credit Union shall to the extent necessary to comply with ~~the Act, the~~ FMC Act, the Regulations, any exemption notice issued thereunder or any provision of the Trust Deed entered into with the Supervisor, amend these Rules provided that no amendment of these Rules shall be valid until registered pursuant to section ~~23106B~~ of the Act.

~~60-62.~~ A Director or Trustee shall vacate his or her office by ~~resignation~~resigning immediately he or she receives a notice of disqualification from the Supervisor pursuant to the Trust Deed.

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CONFLICT OF INTEREST

~~61-63.~~ For the purposes of Rules ~~61, 62, and 63~~ 64, 65, and 66 only, and no other Rules:

'Officer' includes a Director or Member of the Board (including any other person who by precedent or agreement is an ex officio Member), a ~~m~~Member of a ~~committee of the Board Committee~~, or a Trustee;

'Conflicts Register' means the document set out in Schedule "A" of these Rules.

'Conflict of Interest' is a situation where there exists a relationship between an ~~officer~~Officer and those listed below where such relationship is likely to affect the interests of the Credit Union or that Officer's independence and impartiality:

(i)(a) A Member;

(ii)(b) A staff Member;

(iii)(c) A spouse, defacto partner, child, or Member of immediate household;

(iv)(d) A parent, uncle, aunt, brother, sister, or immediate relation through marriage;

(v)(e) A cousin in the first degree of blood relationship;

(vi)(f) A business partner or former business partner;

(vii)(g) A relative or close personal friend or associated person in circumstances which is deemed by the other Members of the Board or committee or sub-committee to constitute a conflict of interest.

~~62-64.~~ In all cases where a conflict of interest or possible conflict of interest arises concerning any matter or transaction there should be a disclosure by the Officer concerned to the Board or committee of which the Officer is a Member or ex-officio Member.

~~63-65.~~ In circumstances where a conflict of interest exists and whether or not it has been disclosed;

- (a) The Officer should not participate in any discussion or decision-making except by consent of the Board or committee;
- (b) The Officer should not be present during any discussion which relates to a staff Member's employment and where a conflict of interest is required to be disclosed;
- (c) The minutes of any Board, committee, or record of meeting shall disclose the voting participation as well as the name of any ~~officer~~person abstaining for reason of conflict of interest rather than record a consensus decision;
- (d) The disclosure of a conflict of interest at any Board or committee meeting shall be promptly entered in the Conflicts Register of the Credit Union.

~~64-66.~~ Any decision which is made or taken in breach of Rule ~~62~~65 shall be invalid and ultra vires the Rules of the Credit Union.

DISQUALIFICATION OF DIRECTORS OR TRUSTEES

~~65-67.~~ A Director, Trustee, or Board Committee member shall vacate his or her office immediately he or she:

- (a) Ceases to be a Member of the Credit Union, if in these Rules Membership is prerequisite to holding such office; or
- (b) Becomes a Member of the Credit Union if not being a Member was a prerequisite condition to appointment as a co-opted Director on the Board; or
- (c) Becomes bankrupt or makes any arrangements or composition with his or her creditors generally; or
- (d) Becomes a protected person under the Protection of Personal Property Rights Act 1988 or of unsound mind under the Mental Health (Compulsory Assessment and Treatment) Act 1992; or
- (e) Resigns his or her office by notice in writing to the Credit Union; or
- (f) Has been convicted of an offence involving fraud or dishonesty; or

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(g) Has received a notice of disqualification from the Supervisor pursuant to the Trust Deed; or

(h) Is removed from office under these Rules; or

~~(+)(i)~~ Is removed from office, or deemed not fit to take office, under any applicable legislation including having a determination made by the Reserve Bank of New Zealand, pursuant to section 16 of the Non-Bank Deposit Takers Act 2013, that the Director is unsuitable to be a Director of the Credit Union; or

~~(+)(i)~~ Is barred from holding office under legislation affecting financial institutions, or if any public disclosure is required to be made by the Credit Union in respect of that officer~~Officer~~ concerning previous bankruptcy, conviction for a crime of dishonesty, prohibition as a director or manager by a Court or Tribunal, or conviction for failing to make such a disclosure.

LOANS

65. ~~The Credit Union shall only make loans to its Members, which loans shall be subject to the following:~~

~~(c) Applications for loans shall be on forms prescribed by the Board and shall in each case set forth the purpose for which the loan is desired, the security offered (if any) and such other information as the Board may require.~~

~~(d) The Credit Union may make loans for such purposes and upon such security (or without security) and conditions as shall be determined by the Board.~~

~~(e) The Board may fix the maximum amount of any loan, secured or unsecured, which may be made by the Credit Union to a Member, and the total amount that may be outstanding on loans to Members.~~

~~(f) The Board may fix the maximum amount by which the indebtedness of a Member (other than a non-qualifying Member as defined in Rule 9) may exceed the total amount of the Member's shareholding in the Credit Union.~~

~~(g) In the case of a non-qualifying Member no loan shall be made by the Credit Union if the making of the loan would cause that Member's total liability (including contingent liability) to Credit Union, whether as borrower, guarantor, or otherwise, to exceed his or her total paid-up shareholding in the Credit Union at that time.~~

~~(h) The maximum period within which a loan by the Credit Union must be repaid shall be fixed by the Board from time to time.~~

LOANS AND SERVICES

68. The Credit Union may make loans (with or without security) as follows:

(a) To Members;

(b) To Enterprises in cases where:

(i) the Enterprise (when the loan is made):

(aa) is related to a Member; and

(ab) has no more than 19 full-time equivalent employees; and

(ii) the loan is to be used for the purposes of a business being, or to be, carried on by the Enterprise.

69. The Board may do any of the following:

(a) Prescribe the form of the application for loans;

(b) Prescribe the purpose and security (if any) upon which loans may be made;

(c) Fix the maximum amount of any loan;

(d) Otherwise determine the Credit Union's lending policy, (including, without limitation the Credit Union's lending policy with respect to loans to non-qualifying Members and Enterprises).

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70. Where a loan has been made to a Member whose Membership is terminated, the Board may require that Member to repay the loan (on such terms and terms as the Board may determine).

71. The Credit Union may provide products or services as follows:

- (a) To Members;
- (b) To Enterprises which have loans with the Credit Union under Rule 68(b);
- (c) To Enterprises in cases where:
 - (i) the Enterprise (when the product or service is provided):
 - (aa) is related to a Member; and
 - (ab) has no more than 19 full-time equivalent employees; and
 - (ii) the product or service is for the purposes of a business being, or to be, carried on by the Enterprise.

72. For the purposes of Rules 68 and 71, an Enterprise is **related** to a member (M) if:

- (a) The Enterprise is a body corporate and M has the power, directly or indirectly, to exercise, or to control the exercise of, the rights to vote attaching to 25% or more of the voting products (as defined in section 6(1) of the FMC Act of the body corporate; or
- (b) The Enterprise is a firm under the Partnership Act 1908 in which M is a partner; and
 - (i) M's share of the firm's profits in accordance with the terms of the partnership is 25% or more; or
 - (ii) If M's share of the firm's profits cannot be determined in accordance with the terms of the partnership, M's share of the most recent distribution of the firm's profits was 25% or more; or
- (c) The Enterprise is the trustee or trustees of a trust and M has, or the members of M's family (taken together) have, a beneficial entitlement to 25% or more of the trust's assets.

73. For the purposes of Rule 72(c), the members of M's family are:

- (a) M; and
- (b) Any current or former spouse, civil union partner, or de facto partner of M; and
- (c) Any brother, sister, lineal ancestor; or lineal descendant of M; and
- (+)(d) Any current or former spouse, civil union partner, or de facto partner of a person covered by Rule 72(c).

DIVIDENDS AND DISTRIBUTIONS

~~66-~~74. Dividends on Shares may be paid to Members as follows:

- (a) In the course of, and/or at the end of, each financial year, the Board may declare a dividend ~~or dividends~~ from the net earnings received by the Credit Union.
- (b) In the course of any financial year, the Directors may declare a special dividend to be paid on ~~shares~~Shares withdrawn prior to the end of that financial year.
- (c) Dividends may be paid on all fully paid-up ~~shares~~Shares held for a period of not less than one month during that financial year or for such other period, whether continuous or broken, as the Board may direct. A fully paid-up ~~share~~Share shall be deemed to have been held by the Member for one month provided payment in full is received on or before the third working day of that month and the ~~share~~Share remains fully paid-up until the last working day of that month.
- (d) Fully paid-up ~~shares~~Shares which at the end of the financial year have been held for a period of less than 12 months shall be entitled to payment of a dividend, if declared, of an amount in direct proportion to the period that the ~~shares~~Shares were so held.
- (e) Where, at the end of any financial year, the Board declares a dividend of not less than 4 percent, the Board may direct the payment of a refund, either in whole or in part, of

the interest paid by Members in the course of that financial year on loans made by the Credit Union. The rate of any such interest rebate fixed by the Board shall be applied to each and every loan made by the Credit Union without variation or adjustment.

- (f) A Member shall be deemed to have one fully paid ~~share~~Share for each sum of one dollar paid to the Credit Union irrespective of the number of ~~shares~~Shares for which the Member has subscribed.

75. Distributions on Credit Union Securities may be paid from net earnings in accordance with the terms of issue of those Credit Union Securities

SERVICE OF NOTICES

67-76. (a) Each Member must supply to the Credit Union a telephone contact, a postal address and, if the Member wishes to receive communications and notices of meetings by Electronic Communication, a working e-mail address.

- (b) It is a Member's obligation to ensure that any change in the contact telephone number, postal or e-mail address is notified to the Credit Union immediately.

- (c) Each Member must from time to time supply to the Credit Union such proof of identity and address as may be required to enable the Credit Union to comply with its obligations under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 and all other applicable legislation requiring proof of identity.

68-77. Where notice of any meeting is required to be given to a Member, notice shall be deemed to have been duly given if, within the time prescribed by these Rules, written notice of the meeting and the business to be transacted at such meeting is delivered, whether by post or otherwise, to the Member's last address which appears in the records of the Credit Union or, with the prior approval of the Board, notice may be given by publication in metropolitan newspapers. Where a previous communication delivered by the Credit Union in such manner to a Member has been returned unclaimed notice shall be deemed to have been duly given to such Member if, within the time prescribed by these Rules, written notice of such meeting is advertised once in the Public Notices column of "metropolitan" newspapers.

TRANSFER OF ENGAGEMENTS

69-78. ~~In~~For the purposes of section 135(3) of the Act in the event of a proposal being received for the transfer of a credit union's engagements to the Credit Union, the Board of Directors may on behalf of the Members accept such a transfer of engagements ~~in accordance with sections 83 and 135~~undertake to fulfil the engagement of the Actthat credit union, **provided** that such acceptance is by resolution passed by not less than 75 percent of the Board ~~of Directors~~ voting in person.

70-79. In considering a transfer of engagements the Board ~~of Directors~~ shall have regard to the consequential effects on the Credit Union's common bond and the requirements of section 135 ~~(4)~~ of the Act.

71-80. It shall be within the power of the Board ~~of Directors~~ when accepting a transfer of engagements to enter into an arrangement whereby the persons holding office as ~~Directors~~directors on the Board of the transferring ~~Credit Union~~credit union (or a simple majority thereof) at the time of the transfer will have the sole right to retain the appointment of one or more (but not exceeding 3) directors who shall then hold office as additional Directors of the Credit Union for an agreed period which shall not in any case exceed 4 years. Such appointments shall be formally advised in writing and are in addition to the number of Directors specified in Rule ~~27~~30(a) of these Rules.

ALTERATIONS TO RULES

72. ~~No new Rule shall be made nor shall any of these Rules be altered or abandoned unless notice of the motion to make such new Rule, alteration or abandonment and notice of the date, place and time of the meeting called to consider such motion has been given to each Member. Such notice may be given by the Board or by the 75 percent of the Members standing together in voting on the matter.~~

81. ~~These Rules may be altered by a resolution of a majority of Members entitled to vote and voting on the matter.~~

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~~73-82.~~ An amendment to these Rules will have no effect until that amendment is registered in accordance with the Act.

DISPUTES

- ~~74-83.~~ (a) As a financial service provider registered under the Financial Service Providers (Registration and Dispute Resolution) Act 2008, the Credit Union is a Member of an approved dispute resolution scheme. Disputes between the Credit Union, or an Officer of the Credit Union, and its Members (including a person claiming through a former Member), or those that have ceased to be Members, will be dealt with in accordance with the disputes resolution process approved by the Credit Union's dispute resolution scheme provider.
- (b) The approved dispute resolution process includes first an internal resolution process, where disputes may be dealt with internally by the Credit Union and thereafter, if not resolved, disputes within the jurisdiction of the approved disputes resolution scheme will be dealt with in accordance with the rules of the approved disputes resolution scheme and all other disputes will be dealt with in accordance with Rule ~~74(e) to (g)-83(c) to (g)~~.
- (c) An unresolved dispute that does not come within the approved disputes resolution scheme shall be referred to arbitration as set out below.
- (d) One arbitrator shall be nominated by the Board on behalf of the Credit Union or the ~~officer thereof~~ Officer and one by the other party. If the arbitrators are able to agree their decision shall be binding and conclusive on all parties.
- (e) If the arbitrators are unable to agree they shall appoint an umpire whose decision shall be binding and conclusive on all parties.
- (f) If either party shall neglect or refuse to appoint an arbitrator for a period of ten days after the receipt of notice of appointment of an arbitrator by the other party, such last named arbitrator may make a final decision alone and the decision so made shall be binding and conclusive on all parties.
- (g) Subject to the right of an arbitrator or umpire to state a case for the opinion of the High Court and to the right of a person to refer a dispute to the Court where no decision is made on the dispute within forty days as provided in the Act, any decision which is binding and conclusive on all parties shall not be open to appeal and shall not be removable into any court of law or restrainable by injunction and application for enforcement of the decision may be made to a court of competent jurisdiction.

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INVESTIGATION

- ~~75-84.~~ ApplicationMembers may be mademake application to the Registrar for an investigation into the affairs of the Credit Union or for the calling of a Special Meeting of the Credit Union in accordance with the Act.

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DISSOLUTION

- ~~76.~~ On the requisition of 50 percent of the Members a Special Meeting shall be called by the Chair to consider the motion that the Credit Union be dissolved. Should such motion be carried by 75 percent of the Members present then the meeting shall stand adjourned for a period of one month. The Secretary shall cause notice to be given to each Member of such adjourned meeting and the business proposed. If at the resumption of the meeting the resolution is then confirmed by 75 percent of the Members present, the consent to dissolution shall be testified by the signature of an instrument of dissolution in the form prescribed by section 94 of the Act.

LIQUIDATION AND REMOVAL FROM REGISTER

- ~~85.~~ The Credit Union may be put into liquidation by the appointment of a liquidator made pursuant to a Special Resolution.
- ~~86.~~ In any liquidation of the Credit Union, any assets remaining after the repayment of debts, repayment of Share capital and discharge of all other liabilities (including Credit Union Securities) will be applied to such Charity or Charities as are determined by the Board.
- ~~87.~~ Where:

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(a) The Credit Union has ceased to operate, has discharged in full its liabilities to all known creditors and it has distributed its remaining assets to those persons entitled to them or otherwise in accordance with these Rules; or

(b) The Credit Union has no assets remaining after paying its debts in full or in part, and no creditor has applied to the High Court under Section 138 of the Act for an order putting the Credit Union into liquidation.

any two Directors on behalf of the Board may by notice given to the Registrar confirming as to either 87(a) or (b) above and requesting that the Credit Union be removed from the Register.

CONFLICTS REGISTER

[illegible]