



PRINCE EDWARD ISLAND  
ÎLE-DU-PRINCE-ÉDOUARD

# **CREDIT UNIONS ACT**

## PLEASE NOTE

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This document is *not* the official version of the Act. The Act and the amendments as printed under the authority of the Queen's Printer for the province should be consulted to determine the authoritative statement of the law.

For more information concerning the history of this Act, please see the *Table of Public Acts* on the Prince Edward Island Government web site ([www.princeedwardisland.ca](http://www.princeedwardisland.ca)).

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## CREDIT UNIONS ACT

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## CREDIT UNIONS ACT

### CHAPTER C-29.1

#### PART I — INTERPRETATION AND APPLICATION

##### 1. Interpretation

###### (1) In this Act

- (a) “**Atlantic Central**” means the Atlantic Central continued under section 182 of the *Credit Union Act S.N.S. 1994, c.4*;
- (a.01) “**board**” means the board of directors of a credit union;
- (a.1) “**body corporate**” means a body corporate wherever or however incorporated and includes a co-operative or credit union, but does not include a public body;
- (b) “**bond of association**” means the characteristic common to all the members which leads them to join together in a credit union;
- (b.1) “**bylaws**” means the bylaws of a credit union;
- (c) repealed by *2010, c.7, s.1(2)*;
- (c.1) “**Corporation**” means the Credit Union Deposit Insurance Corporation continued under section 161;
- (d) repealed by *2008, c.20, s.72*;
- (d.1) “**credit union**” means a credit union incorporated, continued or registered pursuant to this Act;
- (e) “**creditor**” means a person, other than a shareholder or depositor, to whom the credit union owes money;
- (e.1) “**director**” means a member of the board of a credit union;
- (f) “**doubtful loan**” means any loan in respect of which there exists a reasonable doubt of the credit union’s ability to collect the full amount of the principal and interest owing;
- (f.1) “**extra-provincial credit union**” means a credit union incorporated, continued, or registered pursuant to credit union legislation in another province;
- (g) “**Fund**” means the Credit Union Deposit Insurance Fund constituted pursuant to Part XIX;
- (g.1) “**general meeting**” means any annual, regular, or special or class meeting of the members and, in the case of credit unions having a delegate structure, includes delegate meetings;
- (h) “**insolvent**” means unable to meet obligations as they come due in the ordinary course of business;
- (h.1) “**inspection**” means the examination of the affairs and financial condition of a credit union as required by this Act;

- (i) “**inspector**” means a person designated by the Corporation as having the authority to cause the inspection of a credit union;
- (i.1) “**member**” means a person who has been admitted to membership in a credit union and whose name is entered on its register of members and who has subscribed for the minimum number of membership shares as determined by resolution of the board;
- (j) “**Minister**” means the Minister of Justice and Public Safety and Attorney General;
- (k) “**net income**” means income less expenses prior to provisions for share dividends, patronage allocations, reserves, and income taxes;
- (l) “**officer**” means
  - (i) a president, vice-president, corporate secretary, general manager or assistant manager of a credit union,
  - (ii) a person who performs functions for a credit union normally performed by a person mentioned in subclause (i), or
  - (iii) any other person designated as an officer by the bylaws or the board;
- (m) “**ordinary resolution**” means a resolution that is passed at a meeting by majority of the votes validly cast by the persons present or represented at the meeting;
- (n) “**overdraft**” means the aggregate amount withdrawn from a member’s account in excess of the amount of the member’s unencumbered deposits and approved lines of credit;
- (o) “**patronage allocations**” means earnings which are allocated to members on the basis of patronage;
- (p) “**person**” includes an individual, partnership, unincorporated association or organization, trust, body corporate or public body;
- (q) “**public body**” means
  - (i) the government of Canada, Prince Edward Island, or another province,
  - (ii) a Crown corporation, board, commission or agency of a government described in subclause (i),
  - (iii) a municipality,
  - (iv) a body elected or appointed under an Act
    - (A) to develop, administer, or regulate schools, hospitals, health facilities, libraries, water utilities, drainage and irrigation works, sewerage works, local improvements or public utilities, or
    - (B) to levy and collect taxes, or
  - (v) any body, other than the one described in subclauses (i) to (iv), that is designated by the Lieutenant Governor in Council in the regulations;
- (r) “**registrar**” means the registrar appointed pursuant to section 111;
- (s) “**reserve for doubtful loans**” means earnings that are allocated pursuant to subsection 79(1) for the estimated loss that a credit union is likely to experience as a result of doubtful loans;
- (t) “**reserves**” means statutory reserves as required by this Act and such other reserves as determined by the board;
- (u) “**special resolution**” means a resolution that is passed by a majority of two-thirds of the votes validly cast by the persons present or represented at the meeting;
- (v) repealed by 2008,c.8,s.6;
- (w) “**subscriber**” means an individual who executes a memorandum of association to incorporate a credit union under this Act;



- (x) “**surplus**” means undistributed income and reserve accounts which are unencumbered;
- (y) “**undistributed income**” means accumulated net income after provisions for share dividends, patronage allocations, reserves and income taxes.

### Subsidiaries

- (2) For the purposes of this Act, a body corporate is the subsidiary of a credit union or a federation, or a group composed of credit unions, federations or both, if the credit union, the federation or the group, as the case may be, beneficially owns voting rights sufficient, if exercised, to elect a majority of the directors of the body corporate. *1992, c.14, s.1; 1993, c.25, s.4; 1997, c.20, s.3; 2000, c.5, s.3; 2008, c.20, s.72(19); 2008, c.8, s.6; 2009, c.4, s.1; 2010, c.7, s.1(1),(2); 2010, c.14, s.3; 2012, c.17, s.2; 2015, c.28, s.3.*

## 2. Requirements to carry on business

Subject to section 159, no person shall carry on business as a credit union and no credit union shall carry on business in Prince Edward Island unless the credit union

- (a) is incorporated or continued under this Act;
- (b) is a member of the Atlantic Central; and
- (c) has its deposits insured by the Corporation pursuant to Part XIX. *1992, c.14, s.2; 2010, c.7, s.2.*

## 3. Co-operative basis

Every credit union shall operate on a co-operative basis such that

- (a) no member has more than one vote by reason of membership;
- (b) there is no provision for proxy voting;
- (c) its business is carried on primarily for the benefit of its members;
- (d) membership in the credit union is voluntary and open, except to the extent that it is restricted by the bond of association;
- (e) any net income arising out of the credit union is
  - (i) allocated to reserves as required by this Act, or other reserves as approved by the board,
  - (ii) distributed as patronage allocations, dividends or payments to members,
  - (iii) used to develop the business of the credit union,
  - (iv) used to provide common services for members in a manner determined by the board, or
  - (v) used for any purpose approved by the board. *1992, c.14, s.3.*

## PART II — INCORPORATION

### 4. Application

- (1) Subject to subsection (3), any fifty or more individuals may apply to be incorporated as a credit union by subscribing to a memorandum of association and by complying with this Part.

#### *Idem*

- (2) The subscribers shall submit to the Corporation, in triplicate,

- (a) a memorandum of association in accordance with section 5;
  - (b) proposed bylaws in accordance with section 6;
- together with
- (c) any fees that are prescribed by regulation; and
  - (d) any information that the Corporation may require, including viability studies, a proposed business plan and evidence of the eligibility of the incorporators.

**Qualifications**

- (3) No individual may subscribe to the application for the incorporation of a credit union who
- (a) is less than eighteen years of age;
  - (b) is of unsound mind and has been found by a court in Canada or elsewhere to be of unsound mind;
  - (c) has the status of a bankrupt;
  - (d) has been convicted within the previous five years of an offence involving fraud or an offence against this Act, unless such conviction has been set aside or reversed on appeal or a pardon has been granted in respect of such offence under the *Criminal Records Act* (Canada) R.S.C. 1985, Chap. C-47; or
  - (e) is not resident in the province of Prince Edward Island. *1992, c.14, s.4; 2010, c.7, s.3.*

**5. Memorandum of association**

The individuals referred to in subsection 4(1) shall execute a memorandum of association in triplicate stating

- (a) the name and location of the proposed credit union;
- (b) the names and addresses of the subscribers and the number of shares subscribed for by each; and
- (c) the names and addresses of the directors who will hold office until the close of the first meeting or until their successors are elected. *1992, c.14, s.5.*

**6. Bylaws**

The subscribers shall execute in triplicate proposed bylaws, which bylaws shall provide for such matters as are required by this Act to be dealt with in the bylaws, and govern the administration, management and regulation of the business and affairs of the credit union. *1992, c.14, s.6; 2010, c.7, s.4.*

**7. Name**

- (1) A credit union shall not have a name
- (a) that is prohibited by an Act of the province or an Act of the Parliament of Canada;
  - (b) that is the same as or, in the opinion of the registrar, confusingly similar to any existing
    - (i) trade mark or trade name, or
    - (ii) corporate name of a body corporate,except where the trade mark or trade name is being changed or the body corporate is being dissolved or is changing its corporate name and consent to the use of the trade mark, trade name or corporate name is signified to the registrar in such manner as the registrar may require; or

- (c) that is, in the opinion of the registrar, otherwise on public policy grounds objectionable.

**Limited**

- (2) A credit union shall include at the end of its name the word “Limited” or “Limitée” or the abbreviation “Ltd.” or “Ltée”, and the credit union may use and may be legally designated by either the full or the abbreviated form.

**Alternative forms**

- (3) Subject to subsection (1), a credit union may set out its name in its memorandum of association in an English form, a French form, an English form and a French form or in a combined English and French form and it may be legally designated by any such form.

**Change of name**

- (4) No credit union incorporated under this Act shall change its name, except as hereinafter provided, but the registrar may, if it appears to the registrar that a credit union has been granted a name that is prohibited under this section, order that the credit union change its name as hereinafter set forth and the credit union shall comply with such order.

**Offence**

- (5) No person shall carry on business in Prince Edward Island using a name that includes the words “credit union” or “caisse populaire” without being incorporated or registered pursuant to this Act except with the consent of the registrar.

**Approval of change of name**

- (6) Subject to subsection (4), no credit union incorporated under this Act shall change its name without application and approval of the registrar. *1992, c.14, s.7; 2010, c.7, s.5; 2010, c.7, s.6; 2014, c.28, s.1.*

**8. Examination of application by Central**

- (1) Upon receipt of the documents and fees referred to in subsection 4(2), the Corporation may
- (a) in the case that the documents are incorrect or incomplete, return the documents to the subscribers for resubmission;
  - (b) request further information pursuant to clause 4(2)(d);
  - (c) reject the application, if it is not satisfied that the credit union should be incorporated, having regard to
    - (i) the feasibility of plans of the subscribers for the future conduct and development of the credit union,
    - (ii) the business record and experience of the subscribers, and their fitness and suitability for involvement in the operation of a credit union,
    - (iii) the best interests of the co-operative financial system in Prince Edward Island,
    - (iv) any other matters that the Corporation considers relevant to the application;or
  - (d) approve the application.

**Decision**

- (2) The Corporation shall notify the subscribers of its decision within sixty days of the receipt of the documents referred to in subsection 4(2).

**Rejection**

- (3) Upon the rejection of the application, the applicants may request in writing a meeting with the board of the Corporation, at which the proposed directors may provide additional information to the Corporation in support of the application for incorporation.

**Review**

- (4) The Corporation shall call such meeting within thirty days after receiving the written request, upon ten days notice to the proposed directors of the date, time and location.

**Decision on review by board**

- (5) The the board of the Corporation, upon consideration of the representations of the proposed directors, shall within thirty days after the meeting, either reject or approve the application, and the decision of the board of the Corporation shall be the final decision of the Corporation, and, subject to subsections (6) and (7), shall not be subject to any further appeal or review.

**Certificate of approval**

- (6) Upon approval of the application, the Corporation shall attach its certificate of approval to each executed copy of the memorandum of association and bylaws and shall forward two copies of each to the registrar, and the registrar shall, within thirty days, either reject the application, if the memorandum of association and bylaws do not conform with this Act, or approve the application and present the memorandum of association, bylaws and certificate of approval to the Minister for his or her consideration.

**Certificate of incorporation**

- (7) Upon consideration of the memorandum of association, bylaws and certificate of approval, the Minister may issue to the credit union a certificate of incorporation and give notice thereof in the Gazette, whereupon, as of the date of publication of such notice, the credit union shall be incorporated under the name set out in the certificate and notice, and all property vested in any person in trust for the credit union shall be vested in the credit union.

**Evidence of incorporation**

- (8) The production of a copy of the notice in the Gazette shall be conclusive evidence that the credit union therein mentioned is duly incorporated under this Act. *1992, c.14, s.8; 2010, c.7, s.7.*

**9. Amendment of memorandum of association**

- (1) An application to amend the memorandum of association of a credit union may be made by submitting the proposed amendments in triplicate to the Corporation for approval.

**Rejection**

- (2) The Corporation may reject any amendment to the memorandum of association of a credit union if it is inconsistent with this Act or the regulations.

**Approval**

- (3) If the Corporation approves an amendment to the memorandum of association of a credit union, the Corporation shall issue a certificate of approval, and submit the proposed amendment and certificate of approval in duplicate to the registrar, who shall submit the amendment to the Minister for approval.

**Notice**

- (4) The Minister, on approving the amendment, shall give such approval in writing and give notice thereof in the Gazette.



**Effective date**

- (5) An amendment to the memorandum of association of a credit union becomes effective on the date of publication in the Gazette, or on such other date as specified in the amendment. *1992, c.14, s.9; 2010, c.7, s.8.*

**10. Seal**

- (1) The board may by resolution adopt a seal for the credit union, which seal shall contain the full name of the credit union in legible characters.

**Absence of seal**

- (2) No contract entered into by the credit union is invalid by reason only that the credit union's seal is not affixed to it. *1992, c.14, s.10.*

**PART III — CAPACITY AND POWERS****11. Capacity and powers**

- (1) A credit union has the capacity and, subject to this Act, the regulations, its memorandum of association and bylaws, the rights, powers and privileges of a natural person.

**Extra-territorial capacity**

- (2) A credit union has the capacity to carry on business, conduct its affairs and exercise its powers outside Prince Edward Island to the extent that the laws of the other jurisdiction permit.

**General powers**

- (3) Subject to this Act, the regulations, its memorandum of association and bylaws, a credit union may engage in and carry on any business that appertains to the business of credit unions and, without limiting the generality of the foregoing, may
- (a) receive deposits from and operate chequing services for public bodies and members; and
  - (b) make loans to its members,
- but may not provide any of the services described in clauses (a) and (b) to another credit union without the prior approval of the Corporation.

**Services**

- (4) Without restricting the generality of the foregoing, a credit union may provide, or act as agent for any person in respect of the provision of the following services for its members, except as restricted by the regulations and any other applicable laws of the province:
- (a) financial leasing of personal property;
  - (b) processing of financial data;
  - (c) investment counselling and financial advisory services;
  - (d) portfolio management;
  - (e) securities brokerage services;
  - (f) mutual fund distribution;
  - (g) real property brokerage; and
  - (h) insurance services.

**Services requiring Corporation approval**

- (5) A credit union shall not, without the prior approval of the Corporation,
- (a) establish an additional branch of its business;
  - (b) relocate a branch of its business; or
  - (c) establish an automated banking machine,
- outside its normal service area. *1992, c.14, s.11; 2010, c.7, s.9.*

**12. Validity**

No act of a credit union, including any transfer of property to or by a credit union, is invalid by reason only that the act is contrary to this Act or the regulations, or the memorandum of association or bylaws. *1992, c.14, s.12.*

**13. Trust accounts**

- (1) A credit union is not required to see to the execution of any trust, whether express, implied or constructive, pursuant to which any deposit or share is subject.

**Discharge for payment of trust funds**

- (2) When any deposit or share is subject to a trust of which the credit union has notice, the receipt or order of
- (a) the trustee in whose name the deposit or share stands; or
  - (b) where the deposit or share stands in the names of two or more trustees, all those trustees or any of them who, pursuant to the document creating the trust, may be entitled to receive the deposit or share,

is, notwithstanding any trust to which the deposit or share is subject, a sufficient discharge for the payment of any money payable in respect of the deposit or share, and the credit union is not bound to see to the application of any money paid on the receipt or order.

**Exception**

- (2.1) Notwithstanding subsections (1) and (2), a credit union is required to see to the execution of any trust in respect of any deposits made pursuant to the *Prearranged Funeral Services Act* R.S.P.E.I. 1988, Cap. P-17. *2001, c.13, s.2.*

**Personal liability of trustee**

- (3) Notwithstanding any neglect or omission on the part of a credit union to enter a proper description in its books, no executor, administrator, guardian, committee or trustee who is entered on the books of the credit union as a member, or who is described as representing a named estate, trust or trust beneficiary in any such capacity, is personally liable to the credit union with respect to the share that he, she or it so represents.

**Liability of estate**

- (4) The estate or trust beneficiary represented by a person described in subsection (3) continues to be liable to the credit union in the same manner and to the same extent as if the testator, intestate, minor, ward, person of unsound mind, or trust beneficiary were entered on the records of the credit union as the holder of the shares. *1992, c.14, s.13.*

**14. No constructive notice**

- (1) Subject to subsection (2), no person is affected by or deemed to have notice or knowledge of





- (a) the contents of a document or record of a credit union; or
- (b) an order of the registrar with respect to the credit union,

by reason only that the document, record or order has been filed with the registrar or is available for inspection at an office of the credit union or the registrar.

**Knowledge presumed**

- (2) A member of a credit union is deemed to have notice and knowledge of the content of the memorandum of association and bylaws of the credit union. *1992, c.14, s.14.*

**15. Authority of directors, officers, agents**

- (1) Subject to subsection (2), no credit union and no guarantor of an obligation of the credit union shall assert against a person dealing with the credit union or with another person who has acquired rights from the credit union that
  - (a) this Act, the regulations, the bylaws or memorandum of association have not been complied with;
  - (b) the persons named in the most recent notice sent to the registrar pursuant to this Act are not the directors of the credit union;
  - (c) the place named in the most recent notice sent to the registrar pursuant to this Act is not the registered office of the credit union;
  - (d) a person held out by the credit union as a director, an officer or an agent of the credit union has not been duly appointed or has no authority to exercise the powers or perform the duties that are customary in the business of the credit union or are usual for that director, officer or agent;
  - (e) a document issued by any director, officer or agent of the credit union with the actual or usual authority to issue the document is not valid or not genuine; or
  - (f) any financial assistance to members or directors of any sale, lease or exchange of all or substantially all of the property of the credit union was not authorized.

**Application of subsection (1)**

- (2) Where a person dealing with a credit union or with another person who has acquired rights from the credit union has or ought to have, by virtue of a position with or relationship to the credit union, knowledge to the contrary, subsection (1) does not apply. *1992, c.14, s.15.*

## PART IV — ADMINISTRATION

**16. Administration**

The Minister is responsible for the administration of this Act. *1992, c.14, s.16; 2010, c.7, s.10.*

## PART V — REGISTERED OFFICE AND RECORDS

**17. Address**

The address of the registered office and any branch offices of a credit union shall be as stated in its bylaws. *1992, c.14, s.17.*

**18. Records**

- (1) A credit union shall prepare and maintain at its registered office or at a place in the province designated by the board records containing
- (a) its memorandum of association and bylaws, and all amendments to either of them;
  - (b) minutes of meetings of members and meetings of delegates and resolutions of members and delegates;
  - (c) a register of its directors setting out the names, addresses and occupations of all persons who are or have been directors of the credit union with the dates on which each person became or ceased to be a director;
  - (d) a copy of every certificate or written approval issued to it by the Minister, the registrar and the Corporation;
  - (e) a copy of every order of the registrar or of a court relating to the credit union; and
  - (f) a copy of every notice sent to members pursuant to this Act.

***Idem***

- (2) In addition to the records described in subsection (1), a credit union shall prepare and maintain
- (a) adequate accounting records regarding deposits, shares, loan accounts, investments, fixed assets, earnings, expenses and all other financial aspects of the operation of the credit union;
  - (b) records containing the minutes of meetings and resolutions of the board and any committee of the board;
  - (c) a register of members and shareholders including their names arranged in alphabetical or numerical order and their latest address known to the credit union; and
  - (d) other records and documents as specified in the bylaws.

**Retention**

- (3) A credit union shall retain the records required pursuant to this section for any period that may be prescribed in the bylaws. *1992, c.14, s.18; 2010, c.7, s.11.*

**19. Records, access by members**

- (1) Members or their agents or legal representatives may examine the records mentioned in subsection 18(1) during the usual business hours of the credit union and may take extracts from those records subject to payment of a reasonable fee.

**Copy to member**

- (2) On request, a member is entitled without charge to one copy of the bylaws.

**Statement**

- (3) Members are entitled to a statement of their transactions with the credit union in accordance with the generally accepted practice of Canadian financial institutions.

**Access by other persons**

- (4) A credit union shall give access to the records mentioned in section 18 at all reasonable times to
- (a) a director who has been authorized by ordinary resolution of the board to be given access;

- (b) the inspector or a designate;
- (c) any authorized representative of the Corporation;
- (d) the auditor;
- (e) the registrar and any person appointed by the registrar.

**Access by agents and employees**

- (5) Employees and agents of the credit union shall have access to the records mentioned in section 18 or some of them if authorized by the board or the manager of the credit union as being necessary for carrying out their duties. *1992, c.14, s.19.*

**20. Register of members**

- (1) The register of members of the credit union is confidential and may not be released without authorization of the board.

**Release**

- (2) Subject to subsections 19(3) and (4), the board may refuse to authorize the release of the register of members for any reason that it considers appropriate.

**Refusal and appeal**

- (3) Where the board refuses to release the register of members to a member, the member may appeal the board's decision to the registrar and, where the registrar is satisfied that the member's purpose in requesting the register is in connection only with an effort to influence the voting of members or petition for a special meeting pursuant to section 60, the registrar may
  - (a) order that the credit union provide the member with the register of members; or
  - (b) provide for material to be mailed under the supervision of the registrar to all members.

**Costs**

- (4) Any costs incurred pursuant to subsection (3) are to be paid by the member who requests the register of members.

**Offence**

- (5) Any person who obtains a register of members pursuant to this section and who uses the register of members for a purpose other than the one mentioned in subsection (3) is guilty of an offence and liable on summary conviction to a fine of not more than \$10,000. *1992, c.14, s.20.*

**21. Form of records**

- (1) All registers and other records required by this Act to be prepared and maintained may be in a bound or looseleaf form or in a photographic film form or may be entered or recorded by any system of mechanical or electronic data processing or any other information storage device that is capable of reproducing any required information in intelligible written form within a reasonable time.

**Maintenance of records**

- (2) A credit union and its agents shall take reasonable precautions to
  - (a) prevent the loss or destruction of;
  - (b) prevent the falsification of entries in; and

(c) facilitate the detection and correction of inaccuracies in, the registers and other records that the credit union is required by this Act to prepare and maintain. *1992, c.14, s.21; 2010, c.7s.12.*

**22. Member's accounts**

(1) Except as required or permitted by this Act or any other law or any order of a court, no person shall disclose any information with respect to a member's account or with respect to any records of a credit union.

**Release of information**

(2) Information with respect to a member's account may be released on the written authorization of the member and credit information with respect to a member's account may be released in the ordinary course of business to other lending institutions and agencies under generally accepted credit information exchange practices.

**Disclosure**

(3) Registration of documents pursuant to a requirement imposed by an applicable statute does not constitute disclosure for the purposes of subsection (1).

**Idem**

(4) The information described in subsection (1) may be made available by the registrar to other agencies of the governments of the province and Canada and to law enforcement agencies. *1992, c.14, s.22.*

## PART VI — DIRECTORS, OFFICERS AND BYLAWS

**23. First directors**

(1) Upon the incorporation of a credit union, the individuals named in the memorandum of association as provisional directors shall be the first directors of the credit union, and shall hold office until the close of the first general meeting, or until their successors are elected or appointed.

**Meeting, administrative matters**

(2) Within sixty days after the incorporation of a credit union, the first directors shall hold a meeting at which they shall

- (a) appoint officers to hold office until the close of the first meeting of the board following the first general meeting of members;
- (b) make banking arrangements;
- (c) appoint an auditor to hold office until the close of the first general meeting of members;
- (d) adopt forms of share certificates;
- (e) admit members and authorize the issuance of membership shares;
- (f) fix the date and location for the first general meeting of members; and
- (g) deal with any other matters necessary to organize the credit union. *1992, c.14, s.23.*



**24. Directors, powers of**

Subject to this Act, the memorandum of association and the bylaws, the board shall

- (a) exercise the powers of the credit union directly or indirectly through the employees and agents of the credit union; and
- (b) direct the management of the business and affairs of the credit union. *1992, c.14, s.24.*

**25. Election of directors**

- (1) A credit union shall have at least seven directors.

**Procedure**

- (2) Every credit union shall elect its directors in accordance with the procedures established in the bylaws. *1992, c.14, s.25.*

**26. Committees**

- (1) The board may

- (a) appoint any committee that it considers necessary and appoint any member to such a committee;
- (b) by resolution, delegate to any committee any powers that it considers necessary for the efficient conduct of the affairs and business of the credit union.

**Term of office**

- (2) A member of a committee of the board holds office until
  - (a) the appointed term of the member expires;
  - (b) the member is removed by resolution of the board; or
  - (c) the member ceases to be a member of the credit union.

**Delegation of powers**

- (3) A committee of the board may exercise any powers of the board that are delegated to it by resolution of the board, subject to any restrictions contained in the resolution, only if a majority of the committee members are directors.

**Matters not capable of delegation to committee**

- (4) Notwithstanding subsection (3), no committee of the board may
  - (a) fill a vacancy among the directors;
  - (b) declare dividends or interest on shares or a patronage allocation, dividend or payment;
  - (c) approve any financial statements of the credit union;
  - (d) submit to the members any question or matter requiring the approval of members;
  - (e) make decisions where this Act or the bylaws require a resolution passed by more than a majority of directors casting votes at a meeting of the board;
  - (f) set the remuneration of the manager or any other person appointed by the board;
  - (g) appoint signing officers;
  - (h) assume the board's responsibility for ensuring that sound and prudent business practices are followed.

**Committee, obligations of**

- (5) A committee of the board shall
- (a) fix its quorum at not less than a majority of its members;
  - (b) keep minutes of its proceedings; and
  - (c) submit to the board, at each meeting of the board, the minutes of the committee's proceedings during the period since the most recent meeting of the board. *1992, c.14, s.26.*

**27. Vacancy**

- (1) Where there is a vacancy on the board and
- (a) there is a quorum of directors, the remaining directors may
    - (i) exercise all the powers of the directors,
    - (ii) fill the vacancy until the next annual meeting;
  - (b) there is not a quorum of directors, the remaining directors shall call a general meeting for the purpose of electing members to fill any vacancies;
  - (c) there are no directors remaining, any ten members may in writing appoint directors solely for the purpose of calling a general meeting to elect members to fill the vacant directorships.

**Continuation in office**

- (2) Where an election of directors required in the Act, or the bylaws does not take place at the proper time, the directors then in office shall continue in office until their successors are elected.

**Right to vote**

- (3) Notwithstanding any other provisions of this Act, only the members of a credit union are entitled to elect its directors. *1992, c.14, s.27.*

**28. Notice of change of directors**

Within thirty days after a change is made in its directors, a credit union shall file with the registrar a notice in the form prescribed in the bylaws or in any form that is acceptable to the registrar setting out the particulars of the change. *1992, c.14, s.28; 2010, c.7, s.13.*

**29. Eligibility of directors**

- (1) No person is eligible to be a director who
- (a) is less than eighteen years of age;
  - (b) is of unsound mind and has been found by a court in the province or elsewhere to be of unsound mind;
  - (c) is not an individual;
  - (d) is not a member of the credit union;
  - (e) is a duly appointed representative of a member that is a partnership, association, body corporate or public body;
  - (f) has been convicted within the previous five years of an offence that is of a kind that is related to the qualifications, functions or duties of a corporate director, including an offence involving fraud or an offence against this Act, unless a pardon has been



granted in respect of such offence under the *Criminal Records Act* (Canada) R.S.C. 1985, Chap. C-47;

- (g) has the status of a bankrupt;
- (h) without the written approval of the board, has a loan with the credit union that is more than six months in arrears;
- (i) has a loan with the credit union that is more than twelve months in arrears; or
- (j) is a member of any class of persons that may be prescribed in the bylaws.

**Declaration of eligibility**

- (2) Nominees for the position of director of a credit union shall confirm that they are eligible to be directors as set out in this section.

**Requirements**

- (3) A credit union may, by bylaw, add to the eligibility requirements set out in this section, but in no case may the eligibility requirements be diminished.

**Director training**

- (4) A director shall complete the director training program approved by the Atlantic Central. *1992, c.14, s.29; 2009, c.4, s.2; 2010, c.7, s.14.*

**30. Board meetings**

- (1) The board must hold a minimum of ten regular board meetings in each fiscal year of which not more than one shall be held in any one calendar month.

**Chairperson, authority to call meeting**

- (2) The chairperson of the board
  - (a) may call a meeting of the board at any time;
  - (b) shall call a meeting of the board within two weeks of receiving a written request that a meeting be held from the registrar, the Corporation or at least three directors.

**Date of meeting**

- (3) Where a meeting is called pursuant to clause (2)(b), it must be held within four weeks of the date on which the chairperson of the board received the written request.

**Notice**

- (4) Subject to subsection (2), the board may meet at any place and determine any notice requirements for board meetings that it considers appropriate.

**Quorum**

- (5) A majority of the number of directors required to be elected constitutes a quorum.

**Telephonic communication**

- (6) Subject to subsection (7), where all directors consent, a meeting of the board or of a committee of the board may be held by means of
  - (a) a telephone system; or
  - (b) a communications system other than telephone,

that permits all persons participating in the meeting to hear and speak to each other, and a person so participating is deemed to be present at that meeting.

***Idem***

- (7) No meeting that is required to be held pursuant to subsection (1) may be held by telephone or other communications system. *1992, c.14, s.30; 2010, c.7, s.15.*

**31. Resolution without meeting**

Unless this Act or the bylaws require a meeting, a resolution of the board may be passed without a meeting where

- (a) all the directors consent to the resolution in writing; and  
(b) the consent is filed with the minutes of the proceedings of the board. *1992, c.14, s.31.*

**32. Minutes of board**

- (1) The board shall cause minutes to be kept of
- (a) all appointments of officers and committee members made by the board;  
(b) all the names of the directors present at each meeting of the board; and  
(c) all resolutions and proceedings at meetings of the members and the board.

**Minutes of committees**

- (2) Every committee of the board shall cause minutes to be kept of
- (a) the names of the committee members present at meetings of the committee; and  
(b) all proceedings and resolutions of the committee. *1992, c.14, s.32.*

**33. Ceasing to hold office**

- (1) A director of a credit union ceases to hold office when the director
- (a) dies or resigns;  
(b) is removed in accordance with section 34;  
(c) is no longer qualified pursuant to section 29; or  
(d) fails to provide a bond pursuant to section 46.

**Effective date of resignation**

- (2) A resignation of a director becomes effective at the later of
- (a) the time a written resignation is sent to the credit union; and  
(b) the time specified in the resignation. *1992, c.14, s.33.*

**34. Removal of directors, etc.**

- (1) The members of the board may, by special resolution, remove any director or officer from office.

***Idem, bylaws***

- (2) The bylaws may provide for circumstances in which a director may be removed from office by fellow directors. *1992, c.14, s.34.*





**35. Number of directors**

The members of a credit union may amend the bylaws to increase or, subject to section 25, decrease the number of directors, but no amendment to decrease shortens the term of an incumbent director. *1992, c.14, s.35.*

**36. Validity of acts of directors and officers**

An act of a director or officer is valid notwithstanding an irregularity in election or appointment or a defect in eligibility. *1992, c.14, s.36.*

**37. Remuneration**

- (1) The directors and members of committees of the board are entitled to any remuneration and reimbursement for expenses that the board may determine.

**Disclosure**

- (2) On the request of a member, the board shall disclose at the first annual meeting following the request the aggregate of any amounts paid pursuant to subsection (1), together with the amounts of any specific rates or daily allowances fixed by the board. *1992, c.14, s.37.*

**38. Indemnity**

Subject to the bylaws, a credit union shall purchase and maintain insurance for the benefit of a director, officer, employee or member of a committee of the board, against any liability incurred by that person

- (a) in the capacity of a director or an officer of the credit union, except where the liability relates to a failure to act honestly and in good faith with a view to the best interests of the credit union; or
- (b) in the capacity of a director or an officer of another body corporate where that person acts or acted in that capacity at the credit union's request, except where the liability relates to a failure to act honestly and in good faith with a view to the best interests of the body corporate. *1992, c.14, s.38.*

**39. Salaried positions**

The directors shall approve the number and type of salaried positions within the credit union and shall approve the ranges of remuneration for each of them. *1992, c.14, s.39.*

**40. Directors and officers**

Directors and officers of a credit union in exercising their powers and discharging their duties shall

- (a) act honestly and in good faith with a view to the best interests of the credit union; and
- (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances;
- (c) avoid conflict of interest,

and, except as otherwise provided in this or any other Act, the regulations or the bylaws

- (d) observe strict confidentiality respecting all records, accounts and transactions of members, and all matters pertaining thereto;

- (e) observe strict confidentiality respecting all board reports, records of meetings, related documents and all matters pertaining thereto. *1992, c.14, s.40; 2010, c.7, s.16.*

**41. Liability of director**

- (1) Where the directors of a credit union vote for, consent to a resolution authorizing, or approve by any other means,
  - (a) the purchase of shares contrary to section 76;
  - (b) the payment of a dividend or interest on shares contrary to section 75;
  - (c) the payment of a patronage allocation, dividend or payment contrary to section 75;
  - (d) a payment of an indemnity described in section 42 to a director or a former director, without the approval of the court required in subsection 42(5);
  - (e) an act not consistent with the purpose of the credit union as set out in its memorandum of association and with respect to which the credit union has paid compensation to a person,

they are jointly and severally liable to make good any loss or damage suffered by the credit union.

**Declaration of insolvency**

- (2) On the application of a director, the court may declare whether or not, having regard to any circumstances that the court considers appropriate
  - (a) the credit union is insolvent; or
  - (b) the payment of a dividend or interest on shares or patronage allocation or the lending of money would make the credit union insolvent.

**Liability is cumulative**

- (3) The liability imposed in subsection (1) is in addition to and not in derogation of a liability imposed on a director by any other Act or law.

**Voting**

- (4) For the purposes of this section, a director who is present at a meeting of the board or of a committee of the board is deemed to have cast an affirmative vote, given consent to a resolution or given the approval mentioned in subsection (1), unless
  - (a) the director's dissent is entered in the minutes of the meeting; or
  - (b) the director's written dissent is
    - (i) delivered to the secretary of the meeting before its adjournment, or
    - (ii) delivered or sent by registered mail to the registered office of the credit union immediately after the adjournment of the meeting.

**Idem**

- (5) A director who votes for a resolution mentioned in subsection (1) is not entitled to dissent under subsection (4).

**Dissent**

- (6) Where a director is not present at a meeting of the board or of a committee of the board at which a vote, resolution or approval mentioned in subsection (1) is cast or given, the director is deemed to have cast an affirmative vote, consented to the resolution or given approval, unless, within fourteen days after becoming aware of the proceedings, the director delivers or sends by registered mail a written dissent to the registered office of the credit union.



**Idem**

- (7) On receipt of a written dissent, the secretary of the credit union shall
- (a) certify on the written dissent the date, time and place it is received; and
  - (b) keep the written dissent with the minutes of the meeting at which the resolution was passed.

**Limitation period**

- (8) No action to enforce a liability imposed in subsection (1) is to be commenced after two years from the date of the meeting at which the vote was taken or resolution or approval given.

**Joinder**

- (9) In an action to enforce a liability imposed in subsection (1), the court may, on the application of the credit union or a defendant
- (a) join as a defendant a person who received a benefit as a result of the resolution complained of; and
  - (b) make the person mentioned in clause (a) liable to the credit union jointly and severally with the directors to the extent of the amount paid to that person.

**Defences**

- (10) A director is not liable under subsection (1) where the director
- (a) proves that the director did not know or could not reasonably have known that the act authorized by the resolution was contrary to this Act; or
  - (b) relies and acts in good faith
    - (i) on statements of fact represented to the director by an officer of the credit union to be correct, or
    - (ii) on statements contained in a written report or opinion of the auditor of the credit union or inspector or professional person engaged by the credit union who is competent to give advice in respect of the matter.

**Payment of money unlawfully obtained**

- (11) A director who is found liable pursuant to subsection (1) is entitled to apply to a court for an order compelling a member, shareholder or other recipient to pay or deliver to the director any money or property that was paid or distributed to the member, shareholder or other recipient contrary to section 42, 75 or 76.

**Order for payment over**

- (12) In connection with an application pursuant to subsection (11) and where it is satisfied that it is equitable to do so, the court may
- (a) order a member, shareholder or other recipient to pay or deliver to a director any money or property that was paid or distributed to the member, shareholder or other recipient contrary to section 42, 75 or 76;
  - (b) make any order, other than one described in clause (a), that it considers appropriate.  
*1992, c.14, s.41.*

**42. Indemnification of directors**

- (1) Subject to subsections (2) and (3), a credit union may indemnify
- (a) a director or officer of the credit union;
  - (b) a former director or officer of the credit union;

- (c) a person who acts or has acted at the request of the credit union as a director or officer of another body corporate; or
- (d) a member of any committee appointed by the board;
- (e) a member of any committee elected by the membership

against costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by that person with respect to a civil, criminal or administrative action or proceeding to which that person is made a party by reason of acting in any capacity referred to in this section.

***Idem***

- (2) A credit union may indemnify a director, officer or other person only where that person
  - (a) acted honestly and in good faith with a view to the best interests of the credit union; and
  - (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, had reasonable grounds for believing that the conduct was lawful.

**Costs, etc.**

- (3) No credit union shall indemnify a director, officer or other person mentioned in subsection (1) with respect to an action by or on behalf of the credit union to obtain a judgment in its favour to which that person is made a party by reason of acting in any capacity referred to in this section, against costs, charges and expenses reasonably incurred by that person in connection with the action unless
  - (a) the indemnity has the approval of the court; and
  - (b) that person fulfils the conditions described in subsection (2).

***Idem***

- (4) Notwithstanding subsections (1) to (3), a credit union shall indemnify a director, officer or other person mentioned in subsection (1) who
  - (a) fulfils the conditions set out in subsection (2); and
  - (b) has been substantially successful on the merits in the defence of a civil, criminal or administrative action or proceeding to which that person is made a party by reason of acting in any capacity referred to in this section,

against costs, charges and expenses reasonably incurred by that person with respect to the action or proceeding.

**Approval of indemnity by court order**

- (5) A credit union or a director, officer or other person mentioned in subsection (1) may apply to the court for an order approving the indemnity and the court may make the order.

**Notice**

- (6) On an application pursuant to subsection (5), the court may order notice to be given to any interested person, who is then entitled to appear and be heard in person or by counsel. *1992, c.14, s.42.*

**43. Obligations of directors not affected by contractual provisions**

The provisions of a contract, the memorandum of association, the bylaws or the circumstances of appointment do not relieve a director from

- (a) the duty to act in accordance with this Act and the bylaws; and



- (b) liability that by virtue of a rule of law would otherwise attach to the director with respect to negligence, default, breach of duty or breach of trust of which the director may be guilty in relation to the credit union. *1992, c.14, s.43.*

**44. Material contracts**

- (1) This section does not require the disclosure of an interest in a contract or transaction that is of a type available to and customarily entered into between the credit union and its members.

**Disclosure of interest**

- (2) Where a director or officer of a credit union or an associate of that director or officer
  - (a) is a party to a material contract or proposed material contract with the credit union; or
  - (b) is a director or an officer of, or has a material interest in, a person who is party to a material contract or proposed material contract with the credit union,

the director or officer shall disclose in writing to the credit union, or request to have entered in the minutes of meetings of directors, the nature and extent of that interest.

**When disclosure to be made**

- (3) Where the disclosure required in subsection (2) is to be made by a director, the director shall make the disclosure
  - (a) at the meeting at which a proposed contract is first considered;
  - (b) where the director is not interested in a proposed contract at the meeting mentioned in clause (a), at the first meeting after the director acquires an interest;
  - (c) where the director becomes interested after a contract is made, at the first meeting after the director acquires an interest; or
  - (d) where the director has an interest in a contract before becoming a director, at the first meeting after the director becomes a director.

**Idem**

- (4) Where the disclosure required in subsection (2) is to be made by an officer who is not a director, the officer shall make the disclosure
  - (a) immediately after the officer becomes aware that the contract or proposed contract is to be considered or has been considered at a meeting of directors;
  - (b) where the officer acquires an interest after a contract is made, immediately after the officer acquires the interest; or
  - (c) where the officer has an interest in a contract before becoming an officer, immediately after the officer becomes an officer.

**Subsequent declaration of interest**

- (5) Notwithstanding subsections (3) and (4), where a material contract or proposed material contract is one that in the ordinary course of the credit union's business would not require approval by the directors or members, a director or officer shall disclose in writing to the credit union or request to have entered in the minutes of meetings of directors the nature and extent of the director's interest after the director becomes aware of the contract or proposed contract.

**Nature of declaration**

- (6) For the purposes of this section, a general notice to the directors by a director or officer declaring that the director or officer is to be regarded as interested in any contract made with

a person is a sufficient declaration of interest in relation to any contract made with that person.

**Voting**

- (7) No director who has or whose associate has an interest in a material contract or proposed material contract shall vote or be present while the vote is being taken regarding the authorization of the contract.

**Failure to disclose interest**

- (8) Where a director or officer of a credit union fails to disclose an interest in a material contract in accordance with this section, a court may, on the application of the credit union or a member of the credit union, set aside the contract on any terms that the court considers appropriate.

**Additional requirements**

- (9) A credit union may provide in its bylaws for more restrictive requirements than those provided in this section, but in no case may the requirements of this section be diminished. *1992, c.14, s.44.*

**45. Officers**

- (1) A credit union
- (a) is required to have a president, vice-president and corporate secretary; and
  - (b) may have any officers in addition to those mentioned in clause (a) that are provided for in the bylaws or by resolution of the board.

**Qualification to hold office**

- (2) The president, or in the case of absence or inability to act, a vice-president or other individual designated by the president shall act as chairperson of the board, but in no event shall any individual who is not a director act as chairperson. *1992, c.14, s.45.*

**46. Bonding**

Every director and every employee of a credit union shall be bonded through an approved bonding contract as prescribed in the bylaws. *1992, c.14, s.46.*

**47. Restriction on board**

A credit union shall not sell, lease or exchange all or substantially all of its assets, except in the ordinary course of business unless such sale, lease or exchange is approved by special resolution of the members and by the Corporation. *1992, c.14, s.47.*

**48. Policies**

The board must formulate and approve operational, general and financial policies. *1992, c.14, s.48.*



**PART VII — SHARES AND MEMBERSHIP****49. Share certificates**

No certificate shall be issued to shareholders to denote ownership of a share in a credit union.  
*1992, c.14, s.49.*

**50. Issue of shares**

- (1) Subject to this Act and the bylaws, shares of a credit union may be issued at such times and to such persons and for such consideration as the directors may determine, and, in particular,
- (a) a credit union shall not issue any share unless it is fully paid for in money or the share is issued
    - (i) in accordance with any provisions for the conversion of other issued and outstanding securities into shares of that class of share,
    - (ii) as a share dividend,
    - (iii) in accordance with the terms of an amalgamation,
    - (iv) by way of consideration in accordance with the terms of a sale agreement referred to in section 47;
  - (b) no credit union shall knowingly give financial assistance to a member directly or indirectly by way of loan, guarantee or the provision of security, or otherwise, for the purpose of
    - (i) a purchase of, or a subscription made or to be made by that member for, or the acquisition of any right which may be converted to, shares of the credit union, or
    - (ii) the acquisition of any debt obligations of the credit union with a right of conversion into or exchange for shares of the credit union.

**Mental incompetence of member**

- (2) Where a member or individual claiming through a member of a credit union is by reason of mental incompetency or unsound mind incapable of the management of that person's own affairs, and no committee of the estate or trustee of the property of that person has been duly appointed, the credit union shall pay the amount of shares and deposits belonging to such member or individual only upon the order of the court and in such manner and to such persons as the court may prescribe.

**Transfer of balance to member's share account**

- (3) All credit balances standing to the credit of a member's savings or chequing account in an amount of \$100 or less per account, and where there have been no transactions by the member in respect to such accounts for a period of twelve months or more, may be transferred to the credit of the member's share account and the credit union shall provide notification to the member in a manner as prescribed in the bylaws, and prior to transferring the account balance.

**Dormant accounts**

- (4) Where
- (a) the balance of the share account is less than \$500;
  - (b) no other related accounts are maintained under that membership; and
  - (c) there have been no transactions by that member in respect of the member's share account for a period of twelve months or more,

the credit union may remove the member's share account from the active membership file and transfer the account to a dormant account file designated for that purpose, and the credit union shall maintain records of all such accounts and transfers as prescribed in the bylaws.

**Idem**

- (5) Dormant accounts shall be administered and subject to such schedule of fees for administration, notification and maintenance as prescribed in the bylaws.

**Minor's rights**

- (6) Notwithstanding any other Act, but subject to section 29, subsection 64(1), and the bylaws or rules of the credit union, a member of a credit union who is under the age of majority has the same obligations, rights and legal capacity as a member of the credit union who has attained the age of majority, and may be subject to legal action by the credit union to enforce the obligations of the member to the credit union. *1992, c.14, s.50; 2010, c.7, s.17.*

**51. Joint membership**

- (1) Subject to the bylaws, where membership in a credit union is held jointly by a member and his or her spouse
- (a) subject to clause (b), each of the joint members is entitled to vote and to exercise full rights and responsibilities of membership; and
  - (b) only one joint member may be a director at any one time.

**Termination of membership**

- (2) No individual whose rights of membership have been terminated pursuant to subsections 53(3) and (5) shall be entitled to rights of membership by virtue of being a joint member. *1992, c.14, s.51.*

**52. Joint membership and liability for assessments**

- (1) Where membership in a credit union is held jointly
- (a) it may be held as a joint tenancy or a tenancy in common, but, where the members do not specify to the credit union how the membership is to be held, the membership is deemed to be held as joint tenancy; and
  - (b) the joint members are jointly and severally liable for all assessments, levies, dues, fees, payments and other charges imposed or payable with respect to the membership.

**Lien for recovery of excess assessment paid by joint member**

- (2) In the absence of an agreement to the contrary, where one joint member is obliged to and does pay more than a proportionate share of an assessment, levy, dues, payment, fee or other charge with respect to joint membership by reason of the default of another of the joint members, the member who paid the amount in excess of a proportionate share has a lien on the interest of and may recover the amount from the person who made the default.

**Joint ownership in shares, deposits and other accounts**

- (3) A member may designate any person to hold shares, deposits, and other accounts with the member in joint ownership with the right of survivorship and payment of part or of the whole of such shares, deposits and other accounts to any one or more joint owners shall, to the extent of such payment, discharge the liability of a credit union to all other joint owners of such shares, deposits or other accounts.



**Variation of joint membership**

- (4) An application of a joint membership to vary the composition of the joint membership is required to be signed by all of the persons comprising the joint membership. *1992, c.14, s.52.*

**53. Termination of membership**

- (1) The board may by resolution determine circumstances in which the general manager may terminate the membership of a member.

**Appeal to board**

- (2) A member may appeal a decision of the general manager pursuant to subsection (1) to the board, and the board shall confirm or reverse the decision.

**Decision of the board**

- (3) Subject to the bylaws, the board may, by special resolution, order the termination of the membership of a member of the credit union.

**Appeal to general meeting**

- (4) Where the membership of a member is terminated pursuant to subsection (3), the member may appeal the decision to the next general meeting of the credit union by giving written notice of intention to appeal to the corporate secretary within thirty days from the date the member received notice of the decision; and the members present at the general meeting shall, by ordinary resolution or by such majority as may be specified in the bylaws, confirm or rescind the order.

**Decision of general meeting**

- (5) The members may, by special resolution at any general meeting, terminate the membership of a member where the member has received at least ten days notice that his or her membership is to be considered at that meeting.

**Redemption of shares**

- (6) Where the membership of a member is terminated pursuant to this section
- (a) subject to section 76, the credit union shall redeem the shares of the member within sixty days after the date of the termination; and
  - (b) the corporate secretary of the credit union shall, within ten days from the date on which the order is made, notify the member of the order.

**Withdrawal of member**

- (7) Subject to any notice requirement of not more than ninety days as fixed by bylaw or by resolution of the directors, a member may withdraw from membership in the credit union at any time.

**Redemption of shares on withdrawal**

- (8) Subject to section 76, all membership shares of a member who withdraws from membership shall be redeemed, together with all dividends accrued and unpaid thereon
- (a) within any period set out in the bylaws; or
  - (b) where no provision is made in the bylaws, within ninety days after the day the member withdraws from membership.

**Services**

- (9) A person who withdraws from membership is not entitled to any services of the credit union that are provided exclusively to members. *1992, c.14, s.53.*

**54. Readmission**

A person whose membership has been terminated, but not including a person who has withdrawn from membership pursuant to subsection 53(7), may be readmitted to membership only by a special resolution of the members. *1992, c.14, s.54.*

**55. Obligations continued**

The withdrawal or termination of membership of a member does not relieve the member from any debt obligation that the member has to the credit union. *1992, c.14, s.55.*

**56. Claimant defined**

- (1) In this section, “claimant” means a person claiming to be entitled to a member’s interest in shares or deposits by virtue of the member’s death.

**Repayment of member’s interest upon death**

- (2) When a member or shareholder who has an interest in shares or deposits dies and the credit union has not received notice of a transfer or assignment of, or a charge against, the interest of the member or shareholder, the credit union may pay the amount of the interest to a claimant, on the delivery to the credit union of
- (a) an affidavit or declaration in writing in a form satisfactory to the credit union signed by or on behalf of the claimant stating the grounds on which the claimant claims to be entitled; and
  - (b) where the claim is based on
    - (i) a will or other testamentary instrument, a certified copy of the will or testamentary instrument,
    - (ii) a grant of letters probate or a grant of letters of administration or other similar document issued by a court in Canada or by a court or other authority outside Canada, a certified copy or a certificate issued under the seal of the court or authority of the letters probate, letters of administration or other similar document.

**Proof**

- (3) A document purporting to be signed by a judge or officer of a court or by any other proper authority is deemed, in the absence of proof to the contrary, to have been signed by the proper authority without proof of
- (a) the judicial or official character or authority; or
  - (b) the signature,
- of the person appearing to have signed the document.

**Documentation**

- (4) Notwithstanding subsection (2), a credit union may refuse to give effect to any transfer or transmission resulting from the death of a member or shareholder until the credit union has received any documentary or other evidence of or in connection with the transfer or transmission that it considers necessary.



**Discharge of credit union**

- (5) A receipt from a person for a payment made to the person under this section is as binding and effectual a discharge of the credit union as if given by a personal representative of the deceased duly appointed in the province. *1992, c.14, s.56.*

**PART VIII — MEMBERS AND MEETINGS****57. First general meeting**

- (1) Within ninety days of the date of its incorporation, a credit union shall hold a general meeting at which all members are entitled to be present and vote.

**Extension to time**

- (2) Notwithstanding subsection (1), where the directors apply to the registrar, the registrar may extend the time for holding the general meeting.

**Notice**

- (3) Notice of the general meeting held pursuant to this section is to be given in accordance with section 61.

**Business**

- (4) The business at the general meeting mentioned in subsection (1) is required to include
- (a) the confirmation in accordance with section 66 of the bylaws submitted to the Corporation pursuant to clause 4(2)(b);
  - (b) the election of directors; and
  - (c) the appointment of an auditor in accordance with section 94. *1992, c.14, s.57; 2010, c.7, s.18.*

**58. Place of meetings**

General meetings of members are to be held at the place in Prince Edward Island

- (a) within the general service area of the credit union, at a location determined by the directors; or
- (b) outside the general service area of the credit union, as approved by a resolution of the members at the previous general meeting. *1992, c.14, s.58.*

**59. Annual meetings**

- (1) A credit union shall hold an annual general meeting in each year not later than four months after the end of the fiscal year of the credit union.

**Rescheduled meeting**

- (2) In the event the annual meeting is postponed or adjourned the meeting must be rescheduled to be held not later than five months after the end of the fiscal year of the credit union.

**Authorization by Central to hold later meeting**

- (3) Notwithstanding subsections (1) and (2), and notwithstanding that the time for holding a general meeting as required in this section is expired, where the registrar receives a written request from the directors, the registrar may authorize the credit union to hold the annual general meeting at any later date that the registrar considers appropriate.

**Idem**

- (4) The authorization of the registrar given pursuant to subsection (3) may be continuing.

**Bylaws**

- (5) The bylaws may provide for holding semi-annual or other periodic meetings.

**Agenda**

- (6) A credit union shall include on its agenda for the annual meeting any items of business that may be prescribed in the bylaws. *1992, c.14, s.59; 2008, c.7, s.1; 2010, c.7, s.19.*

**60. Special meetings**

- (1) The board may call a special meeting of members at any time.

**Posting petition for meeting**

- (2) The directors shall, at the request of any member, post in a conspicuous place where it is likely to come to the attention of members a form of petition requesting that the directors call a special meeting pursuant to this section.

**Request**

- (3) The directors shall call a special meeting of the members on receipt of a written request or petition specifying the purpose of the meeting from

- (a) in the case of a credit union with 1000 or more members, the lesser of

(i) 5 per cent of the membership, and

(ii) 500 members,

but in no case less than 100 members;

- (b) in the case of a credit union with less than 1000 members, 10 per cent of the membership.

**When meeting to be held**

- (4) Subject to subsection (5), the directors shall call a special meeting within twenty days of the day on which they receive a request pursuant to this section.

**Refusal**

- (5) The directors may refuse to call a special meeting described in subsection (3) where the proposed subject matter of the meeting

- (a) has been discussed at a general meeting in the six months preceding the date of the request; or

- (b) is one described in subsection 65(5).

**Call by registrar**

- (6) The registrar may call a meeting of the credit union

- (a) for the purpose of reporting to the members the results of any audit, examination or other investigation of the credit union's affairs ordered or made by the registrar; or

- (b) where the credit union fails to hold an annual general meeting in the period set out in subsection 59(1), (2) or (3) for the purpose of enabling members to secure any information regarding the affairs of the credit union that they are entitled to receive pursuant to this Act and to deal with any matters affecting the credit union.



**Closed agenda**

- (7) No matter is to be dealt with at a special meeting called pursuant to this section other than the subject matter stated in the notice of meeting. *1992, c.14, s.60; 2010, c.7, s.5.*

**61. Notice of meeting**

- (1) A credit union shall give at least fourteen and not more than forty days notice of any annual or special meeting to its members entitled to attend the meeting by
- (a) sending the notice by mail to those persons at the addresses given in the registers of the credit union; or
  - (b) inserting the notice in one issue of a newspaper in general circulation in the area served by the credit union or posting the notice in a place that, in the opinion of the board, is prominent and accessible to members,
- and may use any other medium, private or public, as considered appropriate for the purpose.

**Documentation**

- (2) Notwithstanding any other provision of this Act, where a credit union
- (a) is required to send a statement, agreement, proposal or other document to its members with a notice of a meeting; and
  - (b) decides to insert the notice of a meeting in a newspaper pursuant to clause (1)(b),
- the credit union shall
- (c) make a copy of the document available to any member or delegate who so requests and who is entitled to attend the meeting.

**Purpose to be stated**

- (3) The notice of any special meeting is required to specify the purpose for which the meeting is being called.

**Validity in absence of notice**

- (4) The proceedings and the business transacted at a general meeting are deemed not to be invalidated by reason only that a member did not receive notice of the meeting. *1992, c.14, s.61.*

**62. Fixing record date**

- (1) Subject to subsection (2), for the purpose of determining members or shareholders
- (a) entitled to receive payment of a dividend or interest;
  - (b) entitled to participate in a distribution on liquidation; or
  - (c) for any purpose in addition to those described in clauses (a) and (b),
- the directors may fix in advance a date as the record date for the determination of members or shareholders, as the case may be.

**Idem**

- (2) The record date mentioned in subsection (1) is not to precede by more than fifty days the date on which the particular action is to be taken and, in the case of the record date for the determination of members or shareholders entitled to receive notice of a general meeting, shall not precede that meeting by less than eleven days.

**Rule where no record date otherwise determined**

- (3) Where the directors do not fix a record date

- (a) the record date for the determination of members entitled to receive notice of a general meeting is deemed to be at the close of business on the day immediately preceding the day on which the notice is given;
- (b) the record date for the determination of members for any purpose other than one described in clause (a) is deemed to be at the close of business on the day on which the directors pass a resolution relating to that purpose. *1992, c.14, s.62.*

**63. Quorum**

- (1) Subject to subsection (2), the quorum at any annual or special meeting of members is the quorum prescribed in the bylaws.

**Loss of quorum**

- (2) Subject to the bylaws, where a quorum is present at the opening of a general meeting of members, the members present may proceed with the business of the meeting, notwithstanding that a quorum is not present throughout the meeting.

**Adjournment**

- (3) Where a quorum is not present at the opening of a general meeting of members, the members present may adjourn the meeting to a fixed time and place but may not transact any other business. *1992, c.14, s.63.*

**64. Voting rights**

- (1) No individual who is under the age of sixteen years is entitled to vote.

**Voting by representative**

- (2) No member may vote by proxy, but a member who is not an individual may vote through a representative where that member gives the credit union notice of the appointment of the representative at least forty-eight hours before the meeting where the representative is to vote on behalf of the member.

**Idem**

- (3) No individual may act as representative for more than one member.

**Executor**

- (4) The executor or administrator of an estate may vote on behalf of any membership held by that estate.

**Number of votes**

- (5) Each member who is present at an annual or special meeting is entitled to one vote. *1992, c.14, s.64.*

**65. Proposal, defined**

- (1) In this section “proposal” means a notice submitted to a credit union pursuant to clause (2)(a).

**Powers of member re proposal**

- (2) A member who is entitled to vote at any annual meeting of members may
  - (a) submit to the credit union notice of any matter that the member proposes to raise at the meeting; and



- (b) discuss at the meeting any matter with respect to which the member would have been entitled to submit a proposal.

**Dissemination of proposal**

- (3) On the request of the member who submitted the proposal, the directors shall send the proposal with the notice of the meeting at which the proposal is to be presented or make the proposal available to all members entitled to attend and vote at that meeting in accordance with section 61.

**Accompanying statement**

- (4) On the request of the member who submitted the proposal, the credit union shall include in or attach to the notice
  - (a) a statement by the member of not more than two hundred words in support of the proposal; and
  - (b) the name and address of the member.

**Application of ss (3) and (4)**

- (5) A credit union is not required to comply with subsections (3) and (4) where
  - (a) the proposal is not submitted to the credit union at least ninety days before the anniversary date of the previous annual meeting of members;
  - (b) in the opinion of the directors, the proposal is submitted by the member primarily for the purpose of
    - (i) enforcing a personal claim or redressing a personal grievance against the credit union or its directors, officers or members or other security holders, or
    - (ii) promoting general economic, political, racial, religious, social or similar causes;
  - (c) the credit union, at the member's request, included a proposal in a notice of meeting of members held in the two years preceding the receipt of the proposal submitted pursuant to subsection (2), and the member failed to present the proposal at the meeting; or
  - (d) substantially the same proposal was submitted to members in the notice of a meeting of members held in the two years preceding the receipt of the member's request and the proposal was defeated.

**Costs**

- (6) The member who requests that the proposal and any statement be sent with the notice of the meeting at which the proposal is to be presented shall pay the cost of sending the proposal and statement, unless the members by ordinary resolution determine otherwise.

**Liability**

- (7) No credit union and no person acting on behalf of a credit union incurs any liability by reason only of circulating a proposal or statement in compliance with this section.

**Refusal to give notice of proposal**

- (8) Where a credit union refuses to include a proposal in a notice of meeting, the credit union shall, within thirty days after receiving the proposal,
  - (a) notify the member submitting the proposal of its intention to omit the proposal from the notice of meeting; and
  - (b) send to the member a statement of the reasons for the refusal.

**Power of court to restrain meeting**

- (9) Where a member claiming to be aggrieved by a refusal pursuant to subsection (8) applies to the court, the court may restrain the holding of the meeting to which the proposal is sought to be presented and make any further order it considers appropriate.

**Application to court**

- (10) The credit union or a person claiming to be aggrieved by a proposal may apply to the court for an order permitting the credit union to omit the proposal from the notice of meeting and, where the court is satisfied that subsection (5) applies, it may make the order.

**Notice to registrar**

- (11) An applicant mentioned in subsection (9) or (10) shall give the registrar notice of application, and the registrar is entitled to appear and be heard in person or by counsel. *1992, c.14, s.65.*

**66. Bylaws**

- (1) Subject to this Act, the members of a credit union may, by special resolution passed at any annual or special meeting called for the purpose, enact, amend, repeal, replace or confirm any bylaws where written notice of the proposed enactment, amendment, repeal, replacement or confirmation is forwarded by mail or in accordance with the procedures established in subsection 61(2), to each member of the credit union with the notice of the meeting at which the enactment, amendment, repeal, replacement or confirmation is to be considered, at least ten days before the date of the meeting.

**Proposal**

- (2) A member may make a proposal, in the manner provided in section 65, to enact, amend, repeal, replace or confirm any bylaw.

**Action on proposal**

- (3) Where a proposal is made in accordance with this section, the members may deal with the proposed enactment, amendment, repeal, replacement or confirmation in any manner that they see fit. *1992, c.14, s.66.*

**67. Approval and filing of bylaw before it becomes effective**

- (1) No bylaw, other than the original bylaws, has any force or effect until it has been approved by the registrar, which approval may be given either after or prior to the meeting at which the bylaw is enacted by the members.

**Prior approval by Central**

- (2) A bylaw approved by the registrar prior to the meeting at which it is enacted by the members becomes effective at the close of that meeting, or at such later date as specified in the bylaw.

**Coming into force**

- (3) Subject to subsection (4), where a proposed bylaw is approved pursuant to subsection (2) and is enacted by the members, the bylaw has immediate force and effect.

**Filing**

- (4) A bylaw ceases to have any force or effect on the expiration of 30 days after the date of the meeting in which it is enacted by the members, unless, within that 30 day period, a copy of the bylaw certified to be a true copy by the president and the corporate secretary of the credit union, is filed with the registrar.





**Signification of approval**

- (5) Where the registrar approves a bylaw, the registrar shall return to the credit union one copy of the bylaw with approval stamped on the bylaw. *1992, c.14, s.67; 2010, c.7, s.20.*

**68. Central may refuse to approve**

- (1) The registrar may refuse to approve a bylaw pursuant to subsection 67(1) where, in the registrar's opinion, the bylaw is
- (a) contrary to this Act, the regulations or memorandum of association of the credit union; or
  - (b) unclear or could be misconstrued as to intent or purpose.
  - (c) repealed by *2010, c.7, s.21. 1992, c.14, s.68.*

**Repeal of Parts of bylaws**

- (2) The bylaws in force in each credit union immediately before the coming into force of this subsection are amended by the repeal of PART IX FINANCE and PART XII AMENDMENTS. *2010, c.7, s.21.*

**69. Voting procedures**

Subject to this Act and the bylaws, at meetings of the members of a credit union,

- (a) members shall vote by a show of hands, or, where three members entitled to vote at a meeting so demand, by secret ballot;
- (b) the chairman of the meeting has the right to vote, but is not entitled to a second vote in the event of a tie;
- (c) all questions shall be decided by a simple majority vote;
- (d) where there is an equality of votes, the motion shall be declared lost. *1992, c.14, s.69.*

**70. Meeting called by registrar**

- (1) Where
- (a) in the opinion of the board it is impracticable to
    - (i) call a general meeting of members in the manner in which meetings of members may be called, or
    - (ii) conduct a general meeting of members in the manner prescribed in this Act or the bylaws; or
  - (b) for any reason, in addition to those described in clause (a), that the registrar considers appropriate,

the registrar, on the registrar's own initiative, or on the application of a director or a member entitled to vote at the meeting may cause a general meeting to be called, held and conducted in any manner that the registrar directs.

**Variation of quorum**

- (2) Without restricting the generality of subsection (1), the registrar may order that the quorum required by this Act or the bylaws be varied or dispensed with at a general meeting called pursuant to this section.

**Validity**

- (3) A general meeting called pursuant to this section is deemed to be a valid meeting. *1992, c.14, s.70; 2010, c.7 s.22.*

**PART IX — FINANCE**

**71. Membership shares**

- (1) Every credit union shall have one class of shares designated as membership shares, which shall have the following characteristics:
- (a) the number of membership shares to be issued by a credit union shall be unlimited and, unless the bylaws restrict the number of membership shares that a member may hold, the credit union shall issue membership shares to any member who subscribes and pays for them;
  - (b) membership shares shall have a par value of \$5 each;
  - (c) membership shares are non-assessable and their holders are not liable to the credit union or its creditors in respect of them;
  - (d) a credit union shall not issue membership shares until they have been fully paid for;
  - (e) a credit union is not required to issue share certificates for membership shares;
  - (f) membership shares are non-transferable.

**Other classes of shares**

- (2) The bylaws of a credit union may provide for one or more classes of shares other than membership shares and, if they so provide, shall set out
- (a) the rights, privileges, restrictions and conditions attaching to the shares of each class; and
  - (b) the maximum number, if any, of shares of any such class that the credit union is authorized to issue.

**Bylaws**

- (3) The bylaws of a credit union may authorize the issue of any class of shares in one or more series and may authorize the board to fix the maximum number, if any, of shares in each series and to determine the designation, rights, privileges, restrictions and conditions attaching to the shares of each series, subject to the limitations set out in the bylaws.

**Voting**

- (4) Where voting rights are attached to a share of a credit union, the voting rights may confer only one vote in respect of that share. *1992, c.14, s.71.*

**72. Shares non-assessable**

- (1) Shares issued by a credit union are non-assessable and the members or shareholders are not liable to the credit union or to its creditors in respect thereof.

**Shares to be paid before issue**

- (2) No share of any class of shares of a credit union shall be issued until it is fully paid for in money, unless the share is issued
- (a) in accordance with any provisions for the conversion of other issued and outstanding securities of the credit union into shares of that class of shares;



- (b) as a share dividend; or
- (c) in accordance with the terms of an amalgamation or sale agreement pursuant to section 126. *1992, c.14, s.72.*

**73. Capital account**

- (1) A credit union shall maintain a separate stated capital account for each class and series of shares it issues.

**Records**

- (2) A credit union shall record in the appropriate stated capital account the full amount of any consideration it receives for any shares it issues.

**Idem**

- (3) On the coming into force of this Part, a credit union shall record in the stated capital account to be maintained for its membership shares then outstanding an amount that is equal to the aggregate paid up thereon immediately before the coming into force of this Part, and the amount of the contributed surplus of the credit union that is attributable to those shares.

**Contributed surplus**

- (4) The amount of any contributed surplus recorded in the stated capital account pursuant to subsection (3) shall be deducted from the contributed surplus account of the credit union. *1992, c.14, s.73.*

**74. Issue of shares**

- (1) A credit union shall sell its shares at their par value.

**Members' liability**

- (2) The liability of a member is limited to the unpaid amount on his or her subscription for shares. *1992, c.14, s.74.*

**75. Allocation of net income**

- (1) Subject to subsections (2) and (3), a credit union may allocate its net income and retained earnings in any manner that may be determined in its bylaws.

**Retirement of deficit before distribution**

- (2) Where a credit union has an accumulated deficit, it shall not allocate any of its net income or retained earnings to members unless the deficit is retired.

**Insolvency of credit union**

- (3) The credit union shall not pay any allocation in the form of cash or a credit to a member's deposit account where the credit union is insolvent or would be insolvent on payment of the allocation.

**Restrictions**

- (4) A payment to a member pursuant to this section is subject to any restrictions with respect to withdrawal that the board may determine. *1992, c.14, s.75.*

**76. Redemption of shares**

- (1) Subject to this section, members of a credit union may redeem any or all of their membership shares at any time.

**Purchase of shares**

- (2) Subject to this section and to the bylaws, a credit union may purchase, for the purpose of cancellation, any shares issued by it other than membership shares, or redeem any redeemable shares issued by it at prices not exceeding the redemption price thereof calculated according to a formula stated in its bylaws or the conditions attaching to the shares.

**Condition**

- (3) A credit union shall not make any payment to purchase or redeem any shares issued by it if there are reasonable grounds for believing that the credit union is, or the payment would cause the credit union to be, insolvent.

**Suspension of share redemption by resolution of the board**

- (4) Where the board is of the opinion that a redemption of shares pursuant to this section would impair the financial stability of the credit union, the board may by ordinary resolution suspend any redemption of shares
- (a) for a period of up to twelve months; and
  - (b) with the approval of the Corporation, for a period of more than twelve months.

**Surrendered shares**

- (5) A credit union may accept from any shareholder a share of the credit union surrendered to it as a gift, but may not extinguish or reduce a liability in respect of an amount unpaid on any such share. *1992, c.14, s.76.*

**77. Lien on members' interest**

- (1) A credit union has a lien on all shares or any amount standing to the credit of a member or shareholder or their legal representative for a debt due by that member or shareholder as maker, co-maker or guarantor, to the credit union.

**Enforcement**

- (2) A credit union may
- (a) enforce a lien mentioned in subsection (1) in the manner set out in its bylaws; or
  - (b) apply any moneys to the credit of the member or shareholder toward payment of any debt due by the member to the credit union. *1992, c.14, s.77.*

**78. Liquid assets, defined**

- (1) In this section, "liquid assets" means assets maintained by a credit union to ensure that it can meet its commitments with respect to loans and withdrawals of deposits.

**Maintenance**

- (2) Every credit union shall maintain liquid assets in the amount and in the form prescribed in the regulations.

**Supervision**

- (3) A credit union which fails to maintain the liquid assets required by this section may be placed under supervision or administration by the Corporation. *1992, c.14, s.78; 2010, c.7, s.23.*



**79. Reserves and allowances**

- (1) Every credit union shall make an allowance for doubtful loans in accordance with the requirements set out in the regulations.

***Idem***

- (2) The board of a credit union shall establish and maintain any reserves that it considers necessary or that are required by the regulations. *1992, c.14, s.79; 2010, c.7, s.24.*

**80. Investments**

A credit union may invest any of its moneys that are not required for current purposes in any investment that is approved in the regulations. *1992, c.14, s.80; 2010, c.7, s.25.*

**81. Real property and equipment**

A credit union may invest in real property and equipment as permitted in the regulations. *1992, c.14, s.81; 2010, c.7, s.26.*

**82. Borrowing powers**

A credit union may not borrow or provide loan guarantees in excess of the amounts prescribed in the regulations. *1992, c.14, s.82; 2010, c.7, s.27.*

**PART X — LOANS AND DEPOSITS****83. Loan approval**

- (1) Subject to this Act and the bylaws, every loan is required to be approved in accordance with the loan policies established by the board pursuant to section 87, before any funds are advanced.

**Approval of loan to directors, etc.**

- (2) A loan to a director, a committee member or an employee of a credit union or any person connected with one of them in the manner prescribed in the bylaws is required to be approved in the manner prescribed in the loan policy adopted under section 87.

**Liability**

- (3) Any person who knowingly approves or grants a loan in contravention of this Act, the bylaws or the loan policies, may be held liable for any losses resulting to the credit union in connection with that loan. *1992, c.14, s.83.*

**84. Loans**

- (1) Loans may be made only to members.

***Idem, limits***

- (2) The loan policies of a credit union may limit the aggregate amount of loans outstanding to one member or group of members, and may limit the aggregate amount outstanding to members generally in respect of any specified type of loan. *1992, c.14, s.84.*

**85. Overdrafts and lines of credit**

Any advance given by way of overdraft or line of credit is deemed to be a loan for the purposes of the balance sheet and is required to be reported as a loan. *1992, c.14, s.85.*

**86. Loans for business purposes**

A credit union shall not, without the prior approval of Atlantic Central, make a loan to any member for business purposes as defined in the loan policies of the credit union if the aggregate amount of the indebtedness of that member in respect of loans for business purposes will, after the making of that loan, exceed the aggregate amount of that member's shareholdings and available deposits. *1992, c.14, s.86; 2010, c.7, s.26.*

**87. Loan policies**

- (1) The board of a credit union shall formulate, approve and adopt a loan policy that stipulates the lending policies of the credit union, defines the categories of loan that may be made, including loans for business purposes, and defines the lending authority of the officers, employees and directors in respect of each category of loan, but prior to implementation of the loan policy, it shall be approved by the Corporation.

***Idem***

- (2) In the event the board fails to formulate, approve and adopt a policy as required by subsection (1), the Corporation shall execute a loan policy that is binding on the officers, employees and directors of the credit union.

**Amendment**

- (3) The approved policies of the credit union may be changed by the board or the Corporation as prescribed in the bylaws. *1992, c.14, s.87; 2010, c.7, s.29.*

**88. Deposits**

- (1) Subject to section 11, a credit union may, without the authority, aid, assistance or intervention of any other person or official
    - (a) receive deposits from any person, whatever that person's age, status or condition in life, and whether or not that person is qualified by law to enter into ordinary contracts; and
    - (b) pay any or all of the deposit and any or all of the interest on the deposit to or to the order of that person unless, before payment, the money so deposited is claimed by some other person
      - (i) in any action or proceeding to which the credit union is a party and in respect of which service of a notice or other process originating such action or proceeding has been made on the credit union, or
      - (ii) in any other action or proceeding pursuant to which an injunction or order made by the court requiring the credit union not to make payment of the money or to make payment of it to a person other than the depositor has been served on the credit union,
- and in that case the money so deposited may be paid to the depositor with the consent of the claimant.



**Bylaws**

- (2) Deposits may be accepted in the manner and form and on any conditions that may be prescribed in the bylaws. *1992, c.14, s.88.*

**89. Limitation of liability of shareholders**

Members of a credit union shall not be personally or individually liable for the payment of the debts of a credit union in excess of their shareholdings, deposit and surplus accounts in the credit union. *1992, c.14, s.89.*

**PART XI — FINANCIAL DISCLOSURE AND AUDIT FINANCIAL STATEMENTS****90. Annual financial statement**

- (1) The directors of a credit union shall place before the members at every annual meeting
- (a) comparative financial statements for the credit union and its subsidiaries, if any, relating separately to
    - (i) the period that began on the date of incorporation and ended as of the close of the credit union's first fiscal year or, if the credit union has completed a fiscal year, the latest completed fiscal year, and
    - (ii) the period, if any, that is the fiscal year preceding the latest completed fiscal year;
  - (b) the report of the auditor; and
  - (c) any information, in addition to that mentioned in clauses (a) and (b) respecting the financial position of the credit union and the results of its operations that is required by the bylaws.

**Fiscal year established by bylaw**

- (2) A credit union may, by bylaw, establish its fiscal year.

**Exemptions for transitional fiscal year**

- (2.1) The Registrar may, for the purposes of facilitating the transition under subsection (2) of a credit union to a new fiscal year, and subject to any terms and conditions that the Registrar considers appropriate, exempt the credit union or any director, officer or auditor of the credit union from
- (a) any requirement of this Act or the regulations relating to the current fiscal year of the credit union; or
  - (b) any requirement of this Act or the regulations to take any action within a certain period after the end of the current fiscal year of the credit union.

**Default fiscal year**

- (2.2) Where a credit union has not, by bylaw, established its fiscal year, the fiscal year of the credit union is the period that begins on January 1 in one year and ends on December 31 of the same year.

**International Financial Reporting Standards**

- (3) The financial statements required pursuant to subsection (1) shall be prepared in accordance with International Financial Reporting Standards. *1992, c.14, s.90; 1997, c.62, s.1; 2008, c.7, s.2; 2009, c.4, s.3; 2014, c.28, s.2, 3.*

**91. Approval of financial statements**

- (1) Before the financial statements mentioned in section 90 are placed before the members, the board shall approve the financial statements and the approval is required to be evidenced by the signature of two or more directors.

**Formalities before publication**

- (2) No credit union shall issue, publish, or circulate copies of the financial statements mentioned in section 90 unless the financial statements are
- (a) approved and signed in accordance with subsection (1); and
  - (b) accompanied by the report of the auditor of the credit union. *1992, c.14, s.91.*

**92. Furnishing financial statements**

Not less than three business days before each annual meeting of members, a credit union shall make available to any member who so requests copies of the financial statements and report of the auditor mentioned in section 90. *1992, c.14, s.92.*

**93. Qualifications of auditor**

- (1) A person is qualified to be an auditor of a credit union only where the person is a person licensed as a public accountant or licensed to provide the services of a public accountant under the *Chartered Professional Accountants and Public Accounting Act R.S.P.E.I. 1988, Cap. C-4.2.*

**Disqualification of auditor**

- (1.1) Subject to subsection (2), a person who is not independent of a credit union or of the directors or officers of the credit union is disqualified from being an auditor of the credit union.

**Membership does not disqualify**

- (2) A person is not disqualified from being an auditor of a credit union by reason only of membership in the credit union.

**Independence**

- (3) For the purposes of this section
- (a) independence is a question of fact; and
  - (b) a person is deemed not to be independent where the person or a business partner of the person
    - (i) is a business partner, a director, an officer, or an employee of the credit union or of any of its subsidiaries or a business partner of any director, officer or employee of the credit union or its subsidiaries,
    - (ii) beneficially owns or controls, directly or indirectly, a material interest in the securities of the credit union or any of its subsidiaries, or
    - (iii) has been a liquidator, administrator, receiver or trustee in bankruptcy of the credit union or any of its subsidiaries within two years of proposed appointment of the person as auditor of the credit union.

**Resignation upon disqualification**

- (4) An auditor who becomes disqualified under this section shall resign immediately after becoming aware of his or her disqualification.





**Order by registrar**

- (5) An interested person may apply to the registrar for an order declaring
- (a) an auditor to be disqualified under this section; and
  - (b) the office of auditor to be vacant.

**Exemption order**

- (6) Notwithstanding subsection (4), an interested person may apply to the registrar for an order exempting an auditor from disqualification under this section and the registrar may, where the registrar is satisfied that an exemption would not unfairly prejudice the members and shareholders, make an exemption order on any terms that the registrar considers appropriate.

**Retroactivity**

- (7) The registrar may make an order described in subsection (6) retroactive to any date that the registrar considers appropriate. *1992, c.14, s.93; 2008, c.7, s.3; 2010, c.7, s.30; 2014, c.2, s.87.*

**94. Appointment of auditor**

- (1) Subject to section 95 and the bylaws, the members shall, by ordinary resolution, at the first general meeting of members and at each succeeding annual meeting, appoint an auditor to hold office until the close of the next annual meeting.

**Continuation in office**

- (2) Notwithstanding subsection (1), where an auditor is not appointed at a meeting of members, the incumbent auditor continues in office until a successor is appointed.

**Remuneration**

- (3) The remuneration of an auditor may be as approved by the board. *1992, c.14, s.94.*

**95. Term**

The members of a credit union may appoint an auditor pursuant to section 94 for more than one year. *1992, c.14, s.95.*

**96. Ceasing to hold office**

- (1) An auditor of a credit union ceases to hold office when
- (a) the auditor dies or resigns;
  - (b) in the case of a firm of auditors, the firm is dissolved; or
  - (c) another auditor is appointed pursuant to section 94.

**Effective date of resignation**

- (2) The resignation of an auditor is effective on the later of
- (a) the date that a written resignation is sent to the credit union; and
  - (b) the date specified in the written resignation. *1992, c.14, s.96.*

**97. Filling vacancy**

- (1) Where the office of auditor is vacated, the board shall immediately appoint an auditor to fill the vacancy.

**Idem**

- (2) An auditor appointed to fill a vacancy holds office until the close of the next annual meeting. *1992, c.14, s.97.*

**98. Appointment by Corporation**

Where a credit union does not have an auditor or the board fails to fill a vacancy pursuant to section 97, the Corporation shall appoint an auditor to hold office until an auditor is appointed by the members and may fix the remuneration of the auditor and determine who is responsible for paying the remuneration. *1992, c.14, s.98.*

**99. Examination by auditor**

- (1) An auditor of a credit union shall make any examination that is, in the opinion of the auditor, necessary to enable the auditor to report in accordance with generally accepted auditing standards on the financial statements that are required by this Act to be placed before the members.

**Period of report**

- (2) Notwithstanding subsection (1), an auditor is not required to report on any financial statements or part of any financial statements that relate to the period mentioned in subclause 90(1)(a)(ii).

**Reports on other business**

- (3) An auditor of a credit union may reasonably rely on the report of any auditor of a body corporate or unincorporated business the accounts of which are included in whole or in part in the financial statements of the credit union. *1992, c.14, s.99; 2008,c.7,s.4.*

**100. Right to information**

- (1) On the demand of an auditor of a credit union, the present or former directors, officers, employees or agents of the credit union shall
- (a) furnish any information and explanations; and
  - (b) provide access to records, documents, books, accounts and vouchers of the credit union or any of its subsidiaries,

that are, in the opinion of the auditor, necessary to enable the auditor to make the examination and report required pursuant to section 101 and that the directors, officers, employees or agents are reasonably able to furnish.

**Idem**

- (2) On the demand of the auditor of a credit union, the directors of the credit union shall
- (a) obtain from the present or former directors, officers, employees or agents of any subsidiary of the credit union; and
  - (b) furnish to the auditor,
- the information and explanations that are described in subsection (1). *1992, c.14, s.100.*



**101. Release of information**

The auditor of a credit union may release any information that the auditor obtains in the performance of duties pursuant to this Act to the registrar and the Corporation. *1992, c.14, s.101; 2010, c.7, s.31.*

**102. Error or misstatement**

- (1) A director or an officer of a credit union shall immediately notify the auditor or former auditor of any error or misstatement of which the director or officer becomes aware in a financial statement that the auditor or a former auditor has reported on.

**Board to be advised**

- (2) Where
- (a) the auditor or former auditor of a credit union is notified or becomes aware of an error or misstatement in a financial statement on which the auditor has reported; and
  - (b) in the opinion of the auditor or former auditor the error or misstatement mentioned in clause (a) is material,

the auditor shall inform the board.

**Obligation of board on discovery**

- (3) Where, pursuant to subsection (2), the auditor or former auditor informs the board, or the board otherwise have knowledge, of an error or misstatement in a financial statement, the board shall
- (a) cause the financial statements to be revised; or
  - (b) inform
    - (i) the Corporation immediately, and
    - (ii) the members at or before the next general meeting,of the error or misstatement. *1992, c.14, s.102; 2010, c.7, s.32.*

**103. No liability in defamation**

An auditor is not liable to any person in an action for defamation based on any act done or not done or any statement made by the auditor in good faith in connection with any matter the auditor is authorized or required to do pursuant to this Act. *1992, c.14, s.103.*

**103.1 Transitional fiscal year**

This Part, as it read immediately before the coming into force of this section, continues to apply to all credit unions in relation to the fiscal year ending September 30, 2008. *2008, c.7, s.5.*

**103.2 Transitional fiscal years**

This Part, as it read immediately before the coming into force of this section, continues to apply to all credit unions in relation to the fiscal years ending September 30, 2009, September 30, 2010, and September 30, 2011. *2009, c.4, s.4*

## PART XII — EXAMINATION AND INSPECTION

### 104. Annual examination and inspection of credit unions by Corporation

The Corporation shall examine and inspect, or cause to be examined and inspected, each credit union at least annually and for that purpose all directors, officers, employees, members and agents of a credit union shall give to duly authorized representatives of the Corporation free access to all books, papers, securities, records, and other sources of information under their control; and for the purpose of the examination, the representatives of the Corporation have power to subpoena witnesses, administer oaths, compel the giving of testimony and require the submission of documents. *1992, c.14, s.104; 2009,c.4,s.5.*

### 105. Report of examination and inspection

A report of the examination and inspection shall be presented to each credit union examined by the Corporation within sixty days after the completion of the examination and inspection, and the report shall contain comments and observations relative to the management of the affairs of the credit union and to the general financial condition of the credit union. *1992, c.14, s.105; 2009,c.4,s.6.*

### 106. Further examination

Where the inspector believes on reasonable and probable grounds that a credit union has failed to comply with the provisions of this Act, the regulations or the bylaws and it is expedient to make a further examination into the affairs or financial condition of a credit union, the inspector may visit or cause a member of the staff of the inspector to visit any office of the credit union to inspect and examine into its affairs and to make such further inquiries as the inspector may require. *1992, c.14, s.106.*

### 107. Requirement for additional reserves

Where it appears to the inspector from an examination of the condition and affairs of a credit union that the assets shown are at an amount greater than the true value and the credit union does not have sufficient reserves to offset this difference, the inspector may require the credit union to set aside out of earnings such additional reserves as the Corporation considers necessary. *1992, c.14, s.107; 2009,c.4,s.7.*

### 108. Report to Corporation

Where in the opinion of the inspector the value of the assets of the credit union is less than the value of its liabilities, including deposits and share capital, the inspector shall report such findings to the Corporation. *1992, c.14, s.108.*

### 109. Suspension of officers

- (1) The inspector may suspend or cause to be suspended any officer for actions which, in the opinion of the inspector, may be deemed fraudulent and have exposed the credit union to material risk.

#### Suspension by Central

- (2) The Corporation may suspend or cause to be suspended any director, officer or employee for actions which in its opinion contravene this Act or the approved policies of the credit union and which in its opinion have exposed the credit union to material risk.



**Report to Corporation**

- (3) Any suspension under subsection (1) or (2) shall be reported to the board of the credit union at the earliest possible date after such action.

**Review**

- (4) The board, after receiving the report referred to in subsection (3), shall immediately review the report and may uphold the suspension, remove the director or officer from office or terminate the employee's employment, or reinstate the director, officer or employee on such terms and conditions as the board considers appropriate in the circumstances. *1992, c.14, s.109; 2009, c.4, s.8.*

**110. No liability in defamation**

No inspector or other person is liable to any person in an action for defamation based on any oral or written statement or report made in good faith in connection with any inspection or examination pursuant to this Part. *1992, c.14, s.110.*

**PART XIII — THE REGISTRAR****111. Appointment of registrar**

The Lieutenant Governor in Council shall appoint a registrar and one or more deputy registrars to carry out the duties and exercise the powers of the registrar pursuant to this Act. *1992, c.14, s.111.*

**112. Duties of registrar**

The registrar shall

- (a) act as the registrar of all credit unions and for that purpose shall keep in his or her custody a register and record pertaining to all applications for the granting, alteration, amendment, suspension and cancellation of certificates of incorporation, dissolutions of credit unions, the addresses of the places of business of all credit unions, and all documents and records pertaining thereto;
- (b) do all other things authorized by this Act or directed by the Lieutenant Governor in Council or by the Minister. *1992, c.14, s.112; 2010, c.7, s.33.*

**113. Acting registrar**

Whenever any act is by this Act directed to be done by the registrar, it shall be done by the registrar or deputy registrar, or, in their absence, by such person as the Lieutenant Governor in Council may authorize. *1992, c.14, s.113.*

**114. Fees and charges**

The Lieutenant Governor in Council may prescribe the fees and fix the charges for any act, matter or thing to be done or observed under this Act and the fees and charges so prescribed and fixed shall be paid to the registrar. *1992, c.14, s.114.*

**115. Inspection of documents**

Except as prohibited by this Act or the regulations, and subject to the payment of any fee that may be prescribed, any person may inspect any document filed with the registrar under this Act and may request a certified copy of the memorandum of association of any credit union, and amendments thereto, or a copy or extract of the whole or any part of such or any other document relating to a credit union. *1992, c.14, s.115.*

**116. Serving of documents**

A document may be filed with, delivered to or served on the registrar by leaving it at the office of the registrar or by mailing it by ordinary mail to the registrar at that office. *1992, c.14, s.116.*

**117. Power to refuse documents**

- (1) Where, in the opinion of the registrar, any document submitted to the registrar
- (a) contains any matter contrary to law;
  - (b) by reason of any omission or error in description has not been properly completed;
  - (c) does not comply with the requirements of this Act;
  - (d) contains any error, alteration or erasure;
  - (e) is not sufficiently legible; or
  - (f) is not sufficiently permanent for the records,

the registrar may refuse to receive, file or register the document.

**Requests**

- (2) The registrar may request that
- (a) a document refused pursuant to subsection (1) be amended or completed and resubmitted; or
  - (b) a new document be submitted in place of a document refused pursuant to subsection (1). *1992, c.14, s.117.*

**118. Proof required by registrar**

The registrar may require that a document or information contained in a document required to be sent to the registrar by this Act or the bylaws be verified by affidavit or otherwise. *1992, c.14, s.118.*

## PART XIV — REPORTS AND RETURNS

**119. Reports and returns**

Every credit union shall submit the following documents and information to the Corporation:

- (a) annual and quarterly reports, within such times and in such format as designated by the Corporation;
- (b) a copy of the financial statements placed before its members at its last annual meeting, within 30 days after such meeting;
- (c) notice of any change in its directors, officers, or committees, within 30 days of such change;



- (d) any other information that is required by the bylaws or by the Corporation to be submitted, in such format and within such time as designated by the bylaws or the Corporation, as the case may be. *1992, c.14, s.119; 2010, c.7, s.34.*

## **PART XV — FUNDAMENTAL CHANGES AND AMALGAMATIONS AMENDMENT OF MEMORANDUM**

### **120. Amendment of memorandum of association**

- (1) Subject to section 9, the members of a credit union may by special resolution amend the memorandum of association of a credit union.

#### **Revocation of special resolution**

- (2) Where, in the special resolution made pursuant to subsection (1), the members authorize the board to revoke the resolution, the board of a credit union may revoke the resolution before it is acted on without further approval of the members. *1992, c.14, s.120.*

### **121. Proposal to amend**

- (1) A member who is entitled to vote at an annual meeting of members may, in the manner provided in section 65, make a proposal to amend the memorandum of association.

#### **Circulation of proposal**

- (2) The directors shall send a proposal made pursuant to subsection (1) with a notice of a meeting of members at which a proposal to amend the memorandum of association is to be considered or make the proposal available to any member who is entitled to attend and vote at the meeting. *1992, c.14, s.121.*

### **122. Effect of certificate**

No amendment to the memorandum of association affects

- (a) an existing cause of action or claim or liability to prosecution in favour of or against the credit union or its directors or officers; or  
(b) any civil, criminal or administrative action or proceeding to which a credit union or its directors or officers is a party. *1992, c.14, s.122.*

### **123. Restated memorandum of association**

- (1) The directors  
(a) may, at any time; and  
(b) shall, when directed by the registrar,  
restate the memorandum of association as amended.

#### **Copy to registrar**

- (2) A credit union shall send a restated memorandum of association to the registrar.

#### **Certificate**

- (3) Where the registrar receives a restated memorandum of association, the registrar shall issue a restated certificate of incorporation in accordance with section 146.

**Effect**

- (4) A restated memorandum of association
- (a) is effective on the date shown in the restated certificate of incorporation issued pursuant to subsection (3); and
  - (b) supersedes the original memorandum of association and all amendments to the original memorandum of association. *1992, c.14, s.123.*

**AMALGAMATION**

**124. Amalgamation**

Two or more credit unions may amalgamate and continue as one credit union. *1992, c.14, s.124.*

**125. Required amalgamation**

- (1) The Corporation may require that a credit union which is subject to administration or supervision pursuant to this Act, instead of dissolving, amalgamate with another credit union that is willing to amalgamate.

**Prior approval of Corporation**

- (2) No credit union that is subject to administration or supervision may amalgamate with another credit union without prior approval of the Corporation. *1992, c.14, s.125.*

**126. Amalgamation agreement**

Each credit union proposing to amalgamate shall enter into an agreement setting out the terms and means of effecting the amalgamation, including

- (a) the provisions that are required to be included in the memorandum of association pursuant to section 5;
- (b) the name and address of each proposed director of the amalgamated credit union;
- (c) the manner in which the shares, memberships or other securities of each amalgamating credit union are to be converted into shares, memberships or other securities of the amalgamated credit union;
- (d) whether the bylaws of the amalgamated credit union are to be those of one of the amalgamated credit unions and, where not, a copy of the proposed bylaws; and
- (e) details of any arrangements necessary to perfect the amalgamation and to provide for the subsequent management and operation of the amalgamated credit union. *1992, c.14, s.126.*

**127. Member approval**

- (1) The directors of each amalgamating credit union shall submit an amalgamation agreement made pursuant to section 126 for approval to a general meeting of the members of the amalgamating credit union of which they are directors.

**Notice**

- (2) The directors shall cause a notice of a general meeting of members to be sent in the manner provided in section 61 to each member of the amalgamating credit union of which they are directors, and shall make available on request a copy or summary of the amalgamation agreement to each member. *1992, c.14, s.127.*





**128. Memorandum of association to Central and registrar**

After an amalgamation agreement is adopted pursuant to section 127, the amalgamating credit unions shall send a revised memorandum of association to the registrar. *1992, c.14, s.128; 2010, c.7, s.35.*

**129. Certificate**

- (1) Where the registrar receives a revised memorandum of association and is satisfied that the amalgamation is advisable, the registrar shall issue a certificate of amalgamation in accordance with section 146.

**Effect of certificate**

- (2) On the date shown in a certificate of amalgamation issued pursuant to subsection (1)
- (a) the amalgamation of the amalgamating credit unions and their continuance as one credit union becomes effective;
  - (b) the property of each amalgamating credit union continues to be the property of the amalgamated credit union;
  - (c) the amalgamated credit union continues to be liable for the obligations of each amalgamating credit union;
  - (d) an existing cause of action, claim or liability to prosecution is deemed not to be affected;
  - (e) a civil, criminal or administrative action or proceeding pending by or against an amalgamating credit union may be continued by or against the amalgamated credit union;
  - (f) a conviction against or ruling, order or judgment in favour of or against an amalgamating credit union may be enforced by or against the amalgamated credit union;
  - (g) the members of each amalgamating credit union become members of the amalgamated credit union and, subject to the amalgamation agreement, the shares issued by the amalgamating credit unions become shares issued by the amalgamated credit union; and
  - (h) the revised memorandum of association is deemed to be the memorandum of association of the amalgamated credit union, and the certificate of amalgamation is deemed to be the certificate of incorporation of the amalgamated credit union. *1992, c.14, s.129; 2010, c.7, s.36.*

**PART XVI — DISSOLUTIONS****130. Application of Part XIV**

Where a credit union is at any time found in a proceeding pursuant to the *Bankruptcy and Insolvency Act* (Canada) to be bankrupt within the meaning of that Act, this Part does not apply to that credit union and any proceedings taken to dissolve or to liquidate and dissolve the credit union are to be stayed. *1992, c.14, s.130; 2010, c.7, s.37.*

**131. Definitions**

- (1) In this section

- (a) “**interest**” means the interest of a member or shareholder in a credit union and includes shares and obligations of any kind that
  - (i) arise by virtue of the bylaws of the credit union, and
  - (ii) are owed by the credit union to the member or shareholder;
- (b) “**unallocated surplus**” includes any net proceeds from the sale of assets on dissolution of the credit union after the liabilities of the credit union and the claims of creditors, members and shareholders have been satisfied.

**Dissolution**

- (2) Subject to the approval of the Corporation, the members of a credit union may authorize the dissolution of the credit union. *1992, c.14, s.131.*

**132. Credit union, how dissolved**

- (1) A credit union may be dissolved by a three-fourths majority vote of the general membership in attendance at a legally constituted annual meeting or any special general meeting called for the purpose of considering such dissolution, if a copy of the notice of the meeting is forwarded by prepaid postage to the Corporation at least thirty days prior to the date of the meeting.

**Instrument of dissolution**

- (2) The members of the credit union, whether present at such meeting or not, may execute an instrument of dissolution and the instrument of dissolution shall be forwarded in triplicate to the Corporation.

**Appointment of administrator**

- (3) Upon approval of the instrument of dissolution, the Corporation shall appoint an administrator. *1992, c.14, s.132.*

**133. Termination of a credit union**

Where a credit union is terminated by an instrument of dissolution

- (a) the instrument of dissolution shall set forth the liabilities and assets of the credit union in detail, the number of members and the nature of their interests in the credit union respectively, the claims of creditors, if any, and the provision to be made for their payment, and the intended appropriation or division of the funds and property of the credit union;
- (b) a statutory declaration shall be made by the president and corporate secretary of the credit union verifying the instrument of dissolution and that this Act has been complied with;
- (c) upon approval of the Corporation, the instrument of dissolution shall be forwarded to the registrar together with the certificate of approval executed by the Corporation;
- (d) the registrar shall cause a notice of dissolution to be advertised at the expense of the credit union being dissolved once in the Gazette and once in a newspaper in Prince Edward Island, and unless within three months from the date of the Gazette in which the notice appears, a member or other person interested in or having any claim on the funds of the credit union, commences proceedings to set aside the proposed dissolution of the credit union in the court, and the dissolution is set aside accordingly, the credit union shall be dissolved from the date of the Gazette in which the notice appeared and the required consent of the membership to the instrument of



dissolution shall be considered to have been duly obtained without proof of the signatures thereto;

- (e) notice shall be sent to the registrar, the Corporation and the credit union being dissolved, of any proceedings to set aside the dissolution of a credit union not less than seven days before the commencement of such proceedings, by the person by whom the proceedings are taken or of any order setting it aside within seven days after such order is made;
- (f) the instrument of dissolution shall fix the time within which such dissolution shall be completed and on the expiration thereof the administrator named by the Corporation to administer the dissolution shall forward to the Corporation all books, papers, letters, memoranda, and other documents in any way relating to such dissolution, and the administrator shall be deemed to be an officer of the credit union for the purposes of this Act; and
- (g) the administrator shall deliver any remaining property, after all claimants and all administrative costs have been paid, to the Corporation, which shall distribute such remaining property to the members of the credit union as of the approved date of the dissolution and based on the member's interest in the credit union as set forth in the instrument of dissolution or in such manner as is approved by resolution of the members at a meeting called for the dissolution. *1992, c.14, s.133; 2010, c.7, s.38.*

#### **134. Dissolution by Corporation**

- (1) Where the Corporation has reasonable cause to believe that a credit union
  - (a) has not commenced business within two years after the date shown on its certificate of incorporation; or
  - (b) has not carried on business for two consecutive years,

the Corporation shall send to the secretary of the credit union a letter inquiring whether the credit union is carrying on business, is in operation or is submitting an annual return.

##### **Notice of intention to dissolve**

- (2) Where the Corporation does not, within one month of the date of the letter sent pursuant to subsection (1), receive an answer to the letter, the board shall, within fourteen days after the expiry of the month, send to the secretary of the credit union a letter referring to the letter sent pursuant to subsection (1) and stating that
  - (a) no answer to that letter has been received; and
  - (b) if an answer is not received to the letter sent pursuant to this subsection within one month from the date it is sent, the Corporation shall apply to the register to dissolve the credit union.

##### **Application to registrar to dissolve**

- (3) Where the Corporation
  - (a) receives an answer from the credit union that it is not carrying on business or is not in operation or will not be submitting an annual return; or
  - (b) does not, within one month after the date of the letter sent pursuant to subsection (2), receive an answer to that letter,

the Corporation shall apply to the registrar to have the credit union dissolved, unless cause is shown to the contrary.

**Certificate of dissolution**

- (4) The registrar may, unless cause to the contrary is previously shown by the credit union,
- (a) where the registrar is satisfied that the credit union has no assets or liabilities, issue a certificate of dissolution; or
  - (b) request the Corporation to appoint a liquidator to dissolve the credit union. *1992, c.14, s.134.*

**135. Dissolution for failure to account for business transacted**

- (1) Where a credit union fails to furnish a copy of the annual financial statements to its members
- (a) at an annual or special meeting called for that purpose; or
  - (b) within a twelve month period after the close of its fiscal year,

the Corporation may require the directors to call a special meeting of the credit union for the purpose of considering the business transacted during the preceding fiscal year and for the purpose of furnishing to the members and to the Corporation a copy of the annual financial statement.

**Time for special meeting**

- (2) Where the Corporation requires a special meeting to be held pursuant to subsection (1), the Corporation shall determine a period within which the special meeting is to be called.

**Corporation may call meeting**

- (3) Where the directors fail to call a special meeting within the period set out pursuant to subsection (2), the Corporation may call the special meeting.
- (a) to review the financial position of the credit union and the members' interests in the credit union; and
  - (b) to ascertain whether the members desire to continue the credit union and to comply with sections 90 and 92.

**Notice of intention to dissolve**

- (4) Where
- (a) a quorum of members is not present at a special meeting called pursuant to subsection (3); or
  - (b) the members fail to pass a resolution to the effect that the credit union is to carry on business and to comply with sections 90 and 92,

the Corporation may notify the directors that, unless the credit union complies with sections 90 and 92 within one month from the date of the notice, the Corporation shall apply to the registrar to have the credit union dissolved.

**Extension**

- (5) Notwithstanding subsection (4), the Corporation may extend the period for compliance with sections 90 and 92.

**Failure to comply**

- (6) Where a credit union does not comply with sections 90 and 92 within the period mentioned in subsection (4) or set by the Corporation pursuant to subsection (5), the Corporation may
- (a) where the Corporation is satisfied that the credit union has no assets or liabilities, apply to the registrar to dissolve the credit union; or
  - (b) appoint a liquidator. *1992, c.14, s.135.*

**136. Dissolution by court order**

- (1) Upon approval to dissolve the credit union, the registrar or an interested person may, after giving the credit union three months notice of the proposed application, and submitting an official copy of such notice to the Corporation, apply to a court for an order dissolving a credit union, where the credit union
  - (a) obtained its incorporation by fraud or mistake;
  - (b) exists for an illegal purpose;
  - (c) has wilfully, after notice by the Corporation, violated any of the provisions of this Act or its bylaws;
  - (d) is no longer operating on a co-operative basis; or
  - (e) has the number of its members reduced below the minimum number required in this Act for the incorporation of the credit union.

**Notice to Corporation**

- (2) An interested person who applies pursuant to this section shall give the Corporation notice of the application and the Corporation is entitled to appeal and be heard in person or by counsel.

**Court order**

- (3) Where the court receives an application pursuant to this section, it may order that the credit union be dissolved or liquidated and dissolved under the supervision of the Corporation.

**Dissolution**

- (4) Where the Corporation receives an order made pursuant to subsection (3), the Corporation shall
  - (a) where the order is to dissolve the credit union, apply to the registrar for a certificate of dissolution in the prescribed form; or
  - (b) where the order is to liquidate and dissolve the credit union under the supervision of the Corporation, shall apply to the registrar to dissolve the credit union. *1992, c.14, s.136.*

**137. Continuation of actions**

- (1) Notwithstanding the dissolution of a credit union pursuant to this Act,
  - (a) a civil, criminal or administrative action or proceeding commenced by or against the credit union before its dissolution may be continued as if the credit union had not been dissolved;
  - (b) a civil, criminal or administrative action or proceeding may be brought against the credit union within two years after its dissolution as if the credit union had not been dissolved; and
  - (c) any property that would have been available to satisfy any judgment or order if the credit union had not been dissolved remains available for that purpose.

**Service after dissolution**

- (2) Service of a document on a credit union after its dissolution may be effected by serving the document on the Corporation.

**Claims pursued for two years after dissolution**

- (3) Notwithstanding the dissolution of a credit union, a person to whom any of its property has been distributed is liable to any person claiming pursuant to subsection (1) to the extent of the amount received by that person on the distribution with respect to any share of the credit

union that person held, and an action to enforce such liability may be brought within two years after the date of dissolution of the credit union. *1992, c.14, s.137.*

**138. Unknown claimants or shareholders**

- (1) On the dissolution of a credit union, the liquidator shall convert into money the portion of the property distributable to a creditor or shareholder who cannot be found after a reasonable investigation and shall deposit the money in the Fund.

**Payment to Fund**

- (2) A payment pursuant to subsection (1) is deemed to be in satisfaction of a debt or claim of such creditor or shareholder.

**Payment out of Fund to creditor**

- (3) Where a creditor establishes within three years after the dissolution of a credit union that the creditor is entitled to any moneys paid to the Fund pursuant to subsection (1), the Corporation shall pay the amount of the claim of the creditor out of the moneys deposited.

**Limitation period**

- (4) Where moneys deposited pursuant to this section for the unclaimed account of a creditor are not distributed within three years after the dissolution of a credit union, those moneys, subject to the approval of the registrar, become the property of the Fund.

**Unclaimed shareholder accounts**

- (5) Where moneys deposited pursuant to this section, for the unclaimed account of a shareholder, are not distributed within four years after the dissolution of a credit union, the unclaimed accounts may be transferred pursuant to subsection (6).

**Transfer of unclaimed accounts to income**

- (6) In the circumstances described in subsection (5), the Corporation may transfer unclaimed accounts of shareholders to income based on the following schedule:
- (a) four years after date of dissolution of the credit union, all amounts of \$50 or less;
  - (b) six years after date of dissolution of the credit union, all amounts greater than \$50 but less than \$100;
  - (c) thirteen years after date of dissolution of the credit union, all amounts greater than \$100 but less than \$1,000;
  - (d) twenty-three years after date of dissolution of the credit union, all remaining unclaimed accounts.

**Extinguishment of claim**

- (7) Pursuant to subsection (6), all rights relating to that money of the person entitled to it become extinguished after the Corporation has transferred the balance of the unclaimed account to its income.

**Interest**

- (8) Pursuant to subsection (6), the Corporation is not responsible to pay any rate of return or interest on outstanding unclaimed accounts. *1992, c.14, s.138; 2010, c.7, s.39.*

**PART XVII — ADMINISTRATION AND OTHER GENERAL PROVISIONS****139. Seal**

The registrar shall use a seal in the performance of his or her duties and the seal shall bear the words “Province of P.E.I., Registrar of Credit Unions”. *1992, c.14, s.139; 2010, c.7, s.30.*

**140. Register of credit unions**

The registrar shall maintain a register of credit unions containing the name and address of every credit union that is incorporated or continued under this Act. *1992, c.14, s.140.*

**141. Registered credit unions**

A credit union whose name appears on the register mentioned in section 140 is deemed to be incorporated pursuant to this Act and any credit union whose name does not appear on the register is deemed not to be incorporated pursuant to this Act. *1992, c.14, s.141.*

**142. Right to inspect and obtain copies**

On payment of the fee prescribed by the regulations a person may

- (a) examine with respect to a credit union
  - (i) its memorandum of association,
  - (ii) its bylaws,
  - (iii) any amendments to its memorandum of association or bylaws,
  - (iv) any certificates issued to it by the registrar,
  - (v) a list of its directors,
  - (vi) the address of its registered office;
- (1) (b) require a copy or extract of any document mentioned in clause (a) to be made; and
- (2) (c) require the copy or extract made pursuant to clause (b) to be certified by the registrar as a true copy. *1992, c.14, s.142.*

**143. Form of copies**

- (1) The registrar may furnish, in written or photographic film form, any copy required to be furnished pursuant to section 142.

**Registrar need not produce document after six years**

- (2) The registrar is not required to produce any document, other than a certificate and attached memorandum of association, statement filed pursuant to section 146, or the bylaws of a credit union after six years from the date the registrar received it. *1992, c.14, s.143.*

**144. Certificate of registrar**

- (1) The registrar may furnish a person with a certificate stating that
  - (a) a document required to be sent to the registrar pursuant to this Act has or has not been received by the registrar;
  - (b) a name, whether that of a credit union or not, is or is not on the register;
  - (c) a name, whether that of a credit union or not, was or was not on the register on a stated date.

**Signature**

- (2) Where this Act requires or authorizes the registrar to issue a certificate or to certify any fact, the registrar or a deputy registrar shall sign the certificate or the certification and affix the seal of the registrar thereto.

**Idem**

- (3) The signature required in subsection (2) may be printed or mechanically reproduced on the certificate or certification.

**Evidence**

- (4) A certificate or certification mentioned in subsection (2) is admissible in evidence as conclusive proof of the facts stated in the certificate or certification without proof of the office or signature of the person purporting to have signed the certificate or certification. *1992, c.14, s.144; 2010, c.7, s.5.*

**145. Form of documents filed**

- (1) Every document sent to the registrar pursuant to this Act or the regulations is required to be in typed or printed form.

**Translation**

- (2) Where any document mentioned in subsection (1) is not in the English language, the registrar may require that an English translation of its content, notarially certified, accompany the document.

**Exemption**

- (3) The registrar may accept a notice or document in photostatic or photographic film form, or where the registrar considers it appropriate, exempt a credit union from subsection (1). *1992, c.14, s.145.*

**146. Execution and filing**

- (1) In this section
- (a) “duplicate originals” means two copies of the memorandum of association, bylaws or statements required in subsection (2);
  - (b) “statement” means a special resolution stating an intent to dissolve.

**Number of copies**

- (2) Where this Act requires that a memorandum of association, bylaws or a statement relating to a credit union be sent to the registrar, unless otherwise specifically provided, the credit union shall send two copies of the memorandum, bylaws or statement signed by a director or an officer of the credit union or, in the case of articles of incorporation, by all of the incorporators.

**Action by registrar**

- (3) Subject to the other provisions of this Act, where the registrar receives duplicate originals of any memorandum of association, bylaws or statement pursuant to subsection (2) and they are in the form prescribed in the bylaws and are accompanied by any other required documents and the prescribed fees, the registrar shall
- (a) endorse on each of the duplicate originals the word “Registered” and the date of the registration;





- (b) issue in duplicate the appropriate certificate and attach to each certificate one of the duplicate originals of the memorandum, bylaws or statement;
- (c) file a copy of the certificate and attached memorandum, bylaws or statement;
- (d) send to the credit union or its representatives the original certificate and attached memorandum, bylaws or statements; and
- (e) publish in the Gazette notice of the issue of the certificate.

**Entry of date**

- (4) The registrar may date a certificate mentioned in subsection (3) as of the day the registrar receives the memorandum of association, bylaws, statement or court order pursuant to which the certificate is issued or as of any later day specified by the court or person who signed the memorandum, statement or order.

**Form of signature**

- (5) A signature required on a certificate mentioned in subsection (3) may be printed or otherwise mechanically produced on the certificate. *1992, c.14, s.146.*

**147. Last known address**

- (1) In this section, “last known address” means
  - (a) in the case of a member or shareholder, his or her latest address as shown in the records of the credit union;
  - (b) in the case of a director, his or her latest address as shown in the records of the credit union, the memorandum of association or the last notice filed pursuant to section 28.

**Service of notices and documents**

- (2) Any notice or document required by this Act or the regulations to be given or served is, unless otherwise provided for, to be served personally or mailed by registered mail to the last known address of the person being served.

**Registered mail**

- (3) A document served by registered mail is deemed to have been received on the seventh day following the day of its mailing unless the person to whom it was mailed establishes that, through no fault on the part of that person, he or she did not receive the document or that he or she received it at a later date.

**Service on credit union**

- (4) A notice or document may be served on a credit union by
  - (a) leaving it at or mailing it by registered mail addressed to the registered office of the credit union;
  - (b) personally serving any director, officer, administrator or liquidator of the credit union; or
  - (c) leaving it at the office of or mailing it by registered mail addressed to any attorney of the credit union.

**Directors, identification**

- (5) A director named in the later of
  - (a) the memorandum of association; and
  - (b) the latest notice sent by a credit union and filed by the registrar,

is deemed for the purposes of this Act to be a director of the credit union.

**Failure of service**

- (6) Where a credit union sends a notice or document to a member or shareholder in accordance with this section and the notice or document is returned on three consecutive occasions because the member or shareholder cannot be found, the credit union is not required to send any further notices or documents to the member or shareholder until that person informs the credit union in writing of his or her new address. *1992, c.14, s.147.*

**148. Waiver of notice**

Where a notice or document is required by this Act or the bylaws to be sent, the sending of the notice or document may be waived or the time for the sending of the notice or document may be extended or abridged at any time with the consent in writing of the person entitled to the notice or document. *1992, c.14, s.148.*

**149. Certificate of credit union**

- (1) A director or officer of a credit union may
- (a) sign a certificate stating any fact set out in; or
  - (b) certify a copy of the whole or any part of,

the memorandum of association, the bylaws, the securities register, a trust indenture or any other contract to which the credit union is a party or the minutes of a meeting of the board, a committee of the board, the members or the shareholders.

**Evidence**

- (2) A certificate or certified copy described in subsection (1) is admissible in evidence as proof of the facts contained in the certificate or certified copy without proof of the signature or official character of the person appearing to have signed the certificate or the certification. *1992, c.14, s.149.*

**150. Proof of ownership**

An entry in a securities register of, or a security certificate issued by, a credit union is proof that the person in whose name the security is registered is owner of the securities described in the register or in the certificate. *1992, c.14, s.150.*

**151. Alterations**

Where the registrar is authorized by the person who sent a notice or document or the representative of that person, the registrar may alter the notice or document, but shall not alter an affidavit or statutory declaration. *1992, c.14, s.151.*

**152. Corrections**

- (1) Where a certificate containing an error is issued to a credit union by the registrar, the directors or members of the credit union shall, on the request of the registrar
- (a) pass the resolutions and send to the registrar the documents required to comply with this Act; and
  - (b) take any other steps that the registrar may require,
- and the registrar may demand the surrender of the certificate and issue a corrected certificate.



**Date**

- (2) Unless the date of the original certificate was in error, a certificate corrected pursuant to subsection (1) is required to bear the date of the certificate it replaces.

**Notice of correction**

- (3) Where, in the opinion of the registrar, a corrected certificate issued pursuant to subsection (1) materially amends the terms of the original certificate, the registrar shall give notice of the correction in the *Gazette*. 1992, c.14, s.152.

**153. Striking name off register**

- (1) The registrar may strike the name of a credit union off the register where
- (a) the registrar does not receive any return, notice or other document or fee required by this Act or the bylaws to be sent to the registrar;
  - (b) the credit union gives notice to the registrar that it has ceased to carry on business in the province;
  - (c) the registrar has issued the credit union a certificate of discontinuance pursuant to section 146;
  - (d) the credit union is dissolved;
  - (e) the credit union is amalgamated with one or more other credit unions or bodies corporate; or
  - (f) the credit union is found to be bankrupt pursuant to proceedings under the *Bankruptcy and Insolvency Act* (Canada).

**Notice of default**

- (2) Where, in the opinion of the registrar, a credit union is in default pursuant to clause (1)(a), the registrar shall send to the credit union a notice advising it of the default and stating that, unless the default is remedied within thirty days after the date of the notice, the name of the credit union will be struck off the register.

**Striking off register**

- (3) After the expiry of the time that appears in the notice sent to the credit union pursuant to subsection (2), the registrar may strike the name of the credit union off the register and shall publish notice of the striking off in the *Gazette*.

**Restoration**

- (4) Where the name of a credit union is struck off the register pursuant to clause (1)(a), the registrar may, on receipt of an application in the prescribed form and on payment of the prescribed fee
- (a) restore the name of the credit union to the register; and
  - (b) issue a certificate noting the date of restoration to the credit union,
- provided that the credit union has first rectified any default as a result of which its name has been struck off the register. 1992, c.14, s.153; 2010, c.7, s.40.

**154. Statistics**

The Minister, the registrar, the Atlantic Central and the Corporation may compile and publish aggregate statistics relating to credit unions and their subsidiaries. 1992, c.14, s.154; 2010, c.7, s.41.

**155. No liability**

Neither the registrar nor the Corporation nor any person acting on behalf of one of them is liable for any act done or omission made in good faith in connection with the exercise of their powers and duties pursuant to this Act. *1992, c.14, s.155; 2010, c.7, s.42.*

**156. Non-application of certain Acts**

The *Winding-up Act* R.S.P.E.I. 1988, Cap. W-5 and the *Consumer Protection Act* R.S.P.E.I. 1988, Cap. C-19 do not apply to a credit union incorporated, continued, or registered pursuant to this Act. *1992, c.14, s.156.*

**157. Regulations**

For the purpose of carrying out this Act according to its intent, the Lieutenant Governor in Council may make regulations

- (a) defining, enlarging or restricting the meaning of any word used but not defined in this Act;
- (b) requiring the payment of and prescribing the amount of any fee with respect to
  - (i) the filing, examination or copying of any document, or
  - (ii) any action that the registrar is required or authorized to take pursuant to this Act;
- (c) prescribing the procedure for appeals to the registrar;
- (d) prescribing businesses in which credit unions or any class of credit unions may not engage without the prior approval of the Corporation or the registrar;
- (e) exempting any credit unions or any class of credit unions from any provision of this Act;
- (e.1) respecting the requirements referred in subsection 79(1) concerning the making of allowances for doubtful loans;
- (e.2) respecting the reserves that a board of a credit union shall establish or maintain for the purposes of subsection 79(2);
- (e.3) respecting the approval of investments for the purpose of section 80;
- (e.4) respecting the real property and equipment in which a credit union is permitted to invest under section 80;
- (e.5) respecting the appointment under clause 162(1)(a) of members of the board of the Corporation;
- (e.6) respecting the winding up of the Central;
- (e.7) respecting transitional matters related to the implementation of the Definitive Combination Agreement referred to in subsection 190(4);
- (f) prescribing any other matter or thing required or authorized in this Act to be prescribed in the regulations. *1992, c.14, s.157; 2010, c.7, s.43.*

**158. Effect of bylaws**

The bylaws of a credit union shall bind the credit union and all members thereof and all persons claiming through them respectively to the same extent as if all members had subscribed their names and affixed their seals thereto, and as if there were contained in the bylaws a covenant on the part of the member, the heirs, executors, administrators and assigns of the member to conform thereto, subject to this Act and the regulations. *1992, c.14, s.158.*



## PART XVIII — EXTRA-PROVINCIAL CREDIT UNIONS

### 159. Prohibition on extra provincial credit union doing business

- (1) Subject to subsection (2), no extra-provincial credit union shall carry on business in Prince Edward Island except to
  - (a) register pursuant to the applicable legislation of Prince Edward Island a security that was lawfully taken by it as part of a transaction conducted in and under the laws of another jurisdiction;
  - (b) realize such security, take title to and possession of the property secured, register and hold title pending the disposal of the property and dispose of the property in accordance with the law of Prince Edward Island; and
  - (c) transact business that is incidental to any business referred to in clause (a) or (b).

#### Agreements

- (2) An extra-provincial credit union may enter into an agreement, directly or indirectly, with a Prince Edward Island credit union for the purposes of permitting its members to transact business with it by means of automated teller equipment or other electronic facilities located in Prince Edward Island. *1992, c.14, s.159.*

## PART XIX — DEPOSIT INSURANCE CORPORATION

### 160. Definitions

In this Part

- (a) “**assessment**” means an assessment by the Corporation against a credit union;
- (b) “**board**” means the board of the Corporation;
- (c) “**bylaws**” means the bylaws of the Corporation;
- (d) “**deposit**” includes membership shares;
- (e) “**former Stabilization Fund**” means the credit union stabilization fund. *1992, c.14, s.160; 2010, c.7, s.44.*

### 161. Corporation

- (1) There is continued a corporation under the name of the Credit Union Deposit Insurance Corporation.

#### Management

- (2) The members of the board shall be directors of the Corporation and shall manage its affairs.

#### Application of Acts

- (3) The following Acts do not apply to the Corporation:
  - (a) *Insurance Act* R.S.P.E.I. 1988, Cap. I-4;
  - (b) *Financial Corporation Capital Tax Act* R.S.P.E.I. 1988, Cap. F-10;
  - (c) *Securities Act* R.S.P.E.I. 1988, Cap. S-3.1. *1992, c.14, s.161; 2007, c.17, s.186.*

**162. Board**

- (1) The board shall consist of five members, or seven members if the Board so determines, who shall be appointed by the Lieutenant Governor in Council in accordance with the regulations.

**Transitional**

- (1.1) For greater certainty, any person who is a member of the board on the date this subsection comes into force continues to be a member of the board until his or her current term of office expires or is sooner terminated by death, resignation or removal for cause.
- (2) The members of the board shall hold office for such term as may be specified by the Lieutenant Governor in Council in the instrument of appointment.

**Vacancies**

- (3) Where a vacancy occurs on the board the Lieutenant Governor in Council may appoint a person to serve as a member for the unexpired portion of the term of the member replaced.

**Chairman**

- (4) The board shall elect from among its members a chairman and such other officers as it considers necessary.

**Procedure**

- (5) The board shall keep minutes of the proceedings at all meetings and a record of all resolutions and the board may otherwise determine its own procedure.

**Committees**

- (6) The board may appoint an audit committee and such other committees as it considers appropriate.

**Manager and staff**

- (7) The board may appoint a general manager of the Corporation and such other staff as are necessary to enable the Corporation to discharge its objects.

**Auditor**

- (8) The board shall appoint an auditor who shall audit the accounts of the corporation.

**Remuneration**

- (9) The members of the board shall be paid such remuneration and expenses as the Lieutenant Governor in Council may determine.

**Fiscal year**

- (10) The fiscal year of the Corporation ends on December 31 in each year. *1992, c.14, s.162; 2010, c.7, s.45.*

**163. Objects**

The objects of the Corporation are

- (a) to guarantee the repayment of deposits held with credit unions in accordance with section 173;
- (b) to adopt measures designed to obviate or to minimize the risk and the size of claims against a credit union;



- (c) to stabilize credit unions in financial difficulties and to provide assistance from the Credit Union Deposit Insurance Fund to such credit unions for the purpose of continuing operations or the orderly liquidation of operations;
- (d) to administer the Credit Union Deposit Insurance Fund for the purposes of this Act and to invest the same in such securities as the board may determine;
- (e) where so appointed by the Minister, to supervise and administer the business and affairs of a credit union;
- (f) to purchase all or any of the assets and assume all or any of the liabilities of credit unions that are in the process of liquidation;
- (g) where so appointed, to act as the liquidator of a credit union;
- (h) to assist credit unions to avert or alleviate financial difficulties by advising them on their business practices; and
- (i) to do such other things as may be required or authorized by this Act or the regulations. *1992, c.14, s.163; 2009, c.4, s.9.*

**164. Ancillary powers**

The Corporation may do all things necessary or incidental to its objects and in particular, but without limiting the generality of the foregoing, the Corporation may, in furtherance of its objects,

- (a) acquire assets from credit unions, make loans or advances to credit unions and take security therefor and guarantee loans to or deposits with credit unions;
- (b) require the payment of levies by credit unions for the purpose of establishing and maintaining the assets of the corporation;
- (c) act as a liquidator of the estate and effects of a credit union for the purpose of winding up its affairs and distributing its property;
- (d) assume the costs of winding up of credit unions;
- (e) acquire assets of credit unions from a liquidator or receiver thereof;
- (f) make an advance or grant for the purpose of paying lawful claims against credit unions in respect of any claims of their members for withdrawal of deposits and become subrogated as an unsecured creditor for the amount of such advance;
- (g) borrow money on the credit of the Corporation or on bills of exchange or promissory notes drawn, made, accepted or endorsed by or on behalf of the Corporation and may pledge as security all or any part of the assets of the funds;
- (h) make or cause to be made such inspections or examinations of credit unions as may be authorized under this Act;
- (i) require the general manager and staff of the Corporation to furnish a fidelity bond in such amount as the board may determine. *1992, c.14, s.164.*

**165. Bylaws**

The Corporation may make bylaws

- (a) respecting the administration, management and control of the property and affairs of the Corporation;
- (b) respecting the functions, duties and remuneration of all officers, agents and employees of the Corporation;
- (c) respecting the appointment or disposition of any special committees from time to time created by the Corporation;

- (d) determining the seal of the Corporation;
- (e) respecting the time and place for the holding of meetings of the board of directors and the procedure in all things at such meetings;
- (f) prescribing standards of sound business and financial practices for credit unions;
- (g) prescribing the manner in which a credit union may represent that it is a contributor to the Corporation;
- (h) defining the expression “deposit” for the purpose of deposit insurance;
- (i) authorizing and controlling the use by credit unions of marks, signs, advertisements or other devices indicating that deposits with credit unions are insured by the Corporation;
- (j) respecting the conduct in all other particulars of the affairs of the Corporation. *1992, c.14, s.165.*

**166. Loans or guarantees by Government**

In order to ensure that deposits held with credit unions are protected to the extent authorized by section 173, the Minister of Finance may, with the prior approval of the Lieutenant Governor in Council,

- (a) make loans to the Corporation and the amount of such loans shall be paid out of the Operating Fund; or
- (b) guarantee any loans made to the Corporation by any person. *1992, c.14, s.166; 1997, c.20, s.3; 2010, c.31, s.3; 2012, c.17, s.2; 2015, c.28, s.3.*

**167. Fund**

- (1) There is hereby established a fund to be known as the Credit Union Deposit Insurance Fund which shall include
  - (a) all assets of whatever nature had or owned by the former Stabilization Fund;
  - (b) all money received by the Corporation pursuant to any assessment, premium or charge made by the Corporation;
  - (c) interest or dividends on money deposited or invested by the Corporation;
  - (d) assets purchased from a credit union;
  - (e) borrowed money.

**Transfer of liabilities**

- (2) The Corporation shall assume the liabilities of the former Stabilization Fund. *1992, c.14, s.167.*

**168. Assessments**

- (1) Subject to subsection (3), the Corporation may, in order to meet its purposes, assess or levy on credit unions a periodic assessment in an amount not exceeding that derived by applying the prescribed rate.

**Special assessment**

- (2) Subject to subsection (3), the Corporation may, by notice in writing, assess and levy on credit unions as a special assessment such further sum as may be approved by the Minister.

**Bylaws**

- (3) The Corporation may make bylaws respecting assessments and the bylaws may provide





- (a) for the service of notices of assessment;
- (b) for the levy of interest on unpaid assessments.
- (c) for inclusion in the annual assessment of a premium to meet the administrative costs of the Corporation and insurance funding. *1992, c.14, s.168.*

**169. Investment of funds**

The Corporation may, in its discretion, invest any funds not required in carrying out its objectives in such classes of securities as the board may approve by resolution. *1997(2nd),c.62,s.2.*

**170. Report of inspection by the Corporation**

- (1) Repealed by *2010,c.7,s.46.*

**Examination by auditor appointed by the Corporation**

- (2) The Corporation may at any time if it has reason to believe
- (a) the business of a credit union is being conducted in an unsound manner;
  - (b) a credit union is not maintaining member's equity at an appropriate percentage of its assets;
  - (c) a credit union is or is about to become insolvent; or
  - (d) a credit union has failed to comply with a direction given by the Corporation or has failed to file any document or return required under this Act,

appoint an auditor to examine the financial affairs of the credit union and to report thereon to the Corporation. *1992, c.14, s.170; 2009,c.4,s.10.*

**171. Order taking over management**

- (1) Where the Corporation has received a report of the inspector or an auditor appointed under subsection 170(2), that the affairs of a credit union are not in satisfactory financial condition, and has given the credit union an opportunity to be heard and after such further inquiry and investigation as the Corporation sees fit to make, the Corporation agrees with the report, the Corporation by order shall, itself or by some other person named in the order, forthwith take possession of the property of such credit union and conduct its business and take such steps as in the Corporation's opinion may be taken toward the removal of the causes and conditions that have made such proceedings necessary, and for such purposes and without limiting the generality of the foregoing,
- (a) the Corporation, or person named in the order, has all the powers of the board of directors of the credit union;
  - (b) the Corporation, or person named in the order, has power to exclude from the credit union its officers, directors, servants and agents from the property and business of the credit union; and
  - (c) the Corporation, or person named in the order, has power to carry on, manage and conduct the operations of the credit union and in the name of the credit union to preserve, maintain, realize, dispose of and add to the property of the credit union, to amalgamate with another credit union or to sell to another credit union all or part of its assets, to receive the incomes and revenues of the credit union and to exercise all the powers of the credit union.

***Idem***

- (2) Upon the request of a credit union, the Corporation may with respect to such credit union exercise the powers mentioned in subsection (1). *1992, c.14, s.171.*

**172. Termination of order**

If at any time the Corporation considers that the affairs of the credit union have been placed in a satisfactory financial condition, the Corporation may return possession of the property of the credit union to it, and, upon such return, the order and the powers of the Corporation under which the Corporation took possession of the property of the credit union terminate. *1992, c.14, s.172.*

**173. Guarantee of deposits**

- (1) The Corporation guarantees the repayment of all deposits made with credit unions in accordance with this section.

**Maximum amount recovered**

- (2) The maximum amount that may be paid by the Corporation in respect of the deposit of any member of a credit union is \$125,000 or such other amount as the Lieutenant Governor in Council may specify in an order published in the Gazette.

**Exceptions**

- (2.1) Notwithstanding the limitation imposed by subsection (2), the Corporation may insure the total value of deposits that are
- (a) designated by the board as special deposits and approved by the Lieutenant Governor in Council;
  - (b) placed in a credit union
    - (i) in registered retirement savings plans and registered retirement income funds as defined in the *Income Tax Act* (Canada),
    - (ii) in such other registered retirement funds as may be designated by the board and approved by the Lieutenant Governor in Council; or
  - (c) in tax-free savings accounts and registered disability savings plans as defined in the *Income Tax Act* (Canada).

**Right to recover deposit from Corporation**

- (3) Where
- (a) a credit union is in the process of liquidation or subject to proceedings under the *Bankruptcy and Insolvency Act* (Canada);
  - (b) a winding-up order has been issued in respect of a credit union; or
  - (c) a credit union is generally unable to repay deposits by reason of an order of a court,

a member is entitled to be paid by the Corporation and the Corporation shall pay to or on behalf of the member, subject to subsection (2), such amount of any deposit made by the member, with interest accrued pursuant to the deposit contract up to but not beyond the date of payment, as the credit union and the liquidator, trustee in bankruptcy or other representative have not paid to the member, less any sum that the credit union would be entitled to deduct from the deposit pursuant to any lien, right of set-off or specific charge affecting it if the credit union itself were repaying the deposit in full.

**Credit union**

- (4) In subsections (5) to (7), “credit union” includes any liquidator, trustee or representative referred to in subsection (3).

**Discharge of liability**

- (5) Payment under this section by the Corporation discharges the Corporation and the credit union from any further liability to the member for the amount paid in respect of the deposit.

**Subrogation**

- (6) The Corporation is subrogated, to the extent of the amount paid by it, to the rights and interests of the member arising under the deposit as against the credit union, and may maintain an action in respect of those rights and interests in the name of the member or in its own name.

**Deductions**

- (7) The deduction of any amount by the Corporation under subsection (3) in respect of a lien, right of set-off or specific charge discharges the liability of the member to the credit union to the extent of the amount deducted.

**Unclaimed balances**

- (8) Where a member entitled to a guaranteed deposit cannot be located, the Corporation shall pay the amount guaranteed into its long-term unclaimed balances account.

**Obligation of Government**

- (9) The Government shall ensure that the obligations of the Corporation under subsection (1) are carried out. *1992, c.14, s.173; 1997(2nd), c.62, s.3; 2008, c.7, s.6; 2009, c.4, s.11; 2010, c.7, s.47.*

**174. Cancellation of deposit insurance**

- (1) The deposit insurance of a credit union may be cancelled on not less than thirty days notice to the credit union by the Corporation when
- (a) the credit union is in breach of the standards of business and financial practices prescribed by the Corporation or any of the conditions of a policy of deposit insurance issued to it;
  - (b) the credit union ceases to accept deposits or issue shares; or
  - (c) an order has been made under section 171 for the Corporation to take possession of the property of the credit union.

**Effect of cancellation**

- (2) When the deposit insurance of a credit union is cancelled by the Corporation the deposits with the credit union on the day the cancellation takes effect, less any withdrawals from such deposits, continue to be insured for a period of two years or, in the case of a term deposit with a remaining term exceeding two years, to the maturity thereof.

**Notification to depositors**

- (3) Where the deposit insurance of a credit union has been cancelled, the credit union shall notify its depositors of that fact and shall cease to accept deposits from the date of cancellation forward.

**Public notice**

- (4) The Corporation may, in such manner as it considers expedient, give public notice of the cancellation of deposit insurance of a credit union if, in the opinion of the Corporation, the public interest requires that such notice be given. *1992, c.14, s.174.*

**175. Unclaimed balances**

Repealed by *2010, c.7, s.48. 1992, c.14, s.175.*

**176. Annual report**

The Corporation shall, within three months of the end of each fiscal year, send to the Minister

- (a) a copy of its financial statements with the auditor's report on them, for that fiscal year;
- (b) the annual report of the Corporation.

**177. Indemnity**

No action shall be brought against any member of the board in respect of anything done in good faith in the performance of the duties of the member. *1992, c.14, s.177.*

**PART XX - Sections 178 - 250** repealed by *2010, c.7, s.52. 1992, c.14, s.250; 2010, c.7, s.52.*

**PART XXI — ATLANTIC CENTRAL**

**251. Capacity**

The Atlantic Central has the capacity to carry on its business, conduct its affairs and exercise its powers in the Province. *1992, c.14, s.251; 2010, c.7, s.53.*

**252. *Extra-provincial Corporations Registration Act, application***

The *Extra-provincial Corporations Registration Act* R.S.P.E.I.1988, Cap.E-14 does not apply to Atlantic Central. *1992, c.14, s.252; 2010, c.7, s.53.*

