

Model Rules – as amended
for Credit Union incorporation
and loans to SMEs

RULES of Credit Union Auckland Incorporated

Registration Number 1802846

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RULES

of

CREDIT UNION AUCKLAND INCORPORATED, trading as NZCU Auckland

1 The name of the Credit Union shall be: **Credit Union Auckland Incorporated**

INTERPRETATION

In these Rules, unless the context otherwise requires-

'**Act**' means the Friendly Societies and Credit Unions Act 1982 ~~and any amendment thereof~~;

~~'Association' means the New Zealand Association of Credit Unions;~~

Annual Meeting means a meeting of Members on terms of Rule 23(a);

'**Audit Committee**' means the audit committee appointed in accordance with Rule ~~434348~~;

'**Board**' or '**Committee of Management**' means the board of Directors of the Credit Union, which constitutes the committee of management as defined in the Act;

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

'**Chair**' means the person elected to be chair of the Board in accordance with Rule 37(a)

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

'**Credit Union**' means Credit Union Auckland Incorporated;

'**Director**' means any member of the Committee of Management and appointed in accordance with these Rules;

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

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

'Enterprise' means any of the following:

(a) A body corporate;

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

(c) The trustee or trustees of a trust.

'**Exemption Notice**' means any exemption notice for or applicable to the Credit Union issued by the Financial Markets Authority pursuant to the Financial Markets Conduct Legislation;

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

"FMA" means the Financial Markets Authority;

'**Financial Markets Conduct Legislation**' means the Financial Markets Conduct Act 2013 and the Financial Markets Conduct Regulations 2014 ~~except that until the date the Credit Union registers the Trust Deed and any other relevant offer documents required for the FMC Legislation on the Disclose Register, shall mean the Securities Act 1978 and the Securities Regulations 2009;~~

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

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

- b) Is likely to meet all directors' suitability requirements under the Non-Bank Deposit Takers Act 2013 and any other legislation relevant to suitability of credit union directors; and
- c) Has the character, competence, financial acumen, honesty, integrity and judgement to enable that person to properly carry out the duties of a Director;

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

'~~M~~member' means any person who is a ~~m~~Member, or who is admitted to membership, of the Credit Union pursuant to these Rules and includes a 'non-qualifying ~~member~~Member' as defined in Rule ~~111112~~;

"NBDT Act" means the Non-bank Deposit Takers Act 2013;

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

'~~R~~eceiver' means a receiver, or a manager, or a receiver and manager appointed under the Trust Deed in respect of any property of the Credit Union;

'~~R~~egistrar' means the Registrar of Friendly Societies and Credit Unions;

'~~S~~ecretary' means the person elected to be secretary of the Credit Union in accordance with Rule ~~40(a)37(a)~~;

'~~S~~hare' means, in relation to the Credit Union, a share in the capital of the Credit Union;

'~~S~~pecial Resolution' means a resolution required to be passed as a special resolution under the Act;

'~~S~~upervisor' means a [licensed supervisor under the Financial Markets Supervisors Act 2011](#) appointed by the [Credit Union](#), which has entered into a trust deed with the Credit Union;

'~~T~~reasurer' means the person elected to be the treasurer of the Credit Union in accordance with Rule ~~37(a)37(a)~~;

'~~T~~rust Deed' means a trust deed entered into between the Credit Union and the Supervisor for the monitoring of the affairs of the Credit Union pursuant to the Financial Markets Conduct Act 2013 (as it may be amended from time to time);

~~'Trustees' means the trustees of the Credit Union appointed in accordance with Rule 23(e); and~~

Miscellaneous: In these Rules:

- (a) References to any legislation or to any provision of any legislation are deemed to be references to that legislation or provision as from time to time amended, re-enacted, replaced or substituted (including any exemption notice passed or gazetted in substitution for or that refers to or incorporates any of its provisions) and, unless the context otherwise requires, shall also include any statutory instruments issued under any such legislation or provision;
- (b) References to any document (however described) shall include references to such document as modified, novated, supplemented, varied or replaced from time to time;
- (c) [Each reference to 'days' shall be a reference to a calendar day and each reference to 'working day' shall be a reference to a day, other than a Saturday, Sunday or public holiday on which trading banks are open for business in Auckland;](#)
- (d) [References to "dollars" and "\\$" are references to New Zealand dollars;](#)
- (e) [References to "written" and "in writing" include any means of permanent visible representation and Electronic Communications;](#)
- (f) [A "personal representative" of a ~~member~~Member includes a person entitled to be a representative of a deceased ~~member~~Member and the trustees of the property of a bankrupt Member; and](#)
- (g) [In the event of any inconsistency between the Act and these Rules, the Act will prevail.](#)

OBJECTS

- 2 The objects of the Credit Union shall be:-
- (a) The promotion of thrift among its ~~member~~Members by the accumulation of their savings; and
 - ~~(b)~~ (b) The use and control of the ~~member~~Members' savings for their mutual benefit, ~~including: -and to make loans to members for provident or productive purposes;-~~
 - ~~(i)~~ (i) ~~for making loans to memberMembers;~~ and
 - ~~(ii)~~ (ii) for making loans under Rule 67(b); and
 - ~~(b)(c)~~ (c) The provision of products and services under Rule 3470; and
 - ~~(c)(d)~~ (d) The training and education of the ~~member~~Members in the wise use of money and in the management of their financial affairs; and
 - ~~(d)(e)~~ (e) At the discretion of the Credit Union and as a minor adjunct to its other objects, the welfare of its ~~member~~Members and the making of donations for charitable, cultural, benevolent, or philanthropic purposes.

EFFECT OF RULES

- 3 These Rules are binding in accordance with their terms, as between:
- (a) The Credit Union and each ~~member~~Member; and
 - (b) Each ~~member~~Member.

CAPACITY AND POWERS

- 4 The Credit Union has, both within and outside New Zealand, full capacity to carry on or undertake any business or activity, to do any act or to enter into any transaction where the carrying on or undertaking of the business or activity, the doing of the act or entering into the transaction:
- (a) Is directly in pursuance of the Credit Union's objects or is incidental to the Credit Union's objections; and
 - (b) Is authorised by the Act or these Rules.
- 5 For the purposes of Rule 4(b), (and without limiting Rules 63 to 6872 (both inclusive) or any powers or duties of the Directors, any Board Committee, the Secretary or the Treasurer) the Credit Union is authorised:
- (a) To borrow money;
 - (b) To invest surplus funds of the Credit Union in accordance with such policies as are adopted by the Board, from time to time;
 - (c) To purchase, hold, take on lease, sell, exchange, mortgage, lease or otherwise deal with any land, building or part of a building or any equipment, fittings or fixtures whether relating to any building or not;
 - (d) To provide products or services (including, without limitation), the provision of cash to ATM providers) to facilitate the use by ~~member~~Members and Enterprises of automatic teller machines; and
 - (e) To enter into agreements with any persons in relation to the provision of direct credit, direct debit or telephone services or any services associate with Electronic Transactions.

REGISTERED OFFICE

- 36 The registered office of the Credit Union shall be at 695 Great South Road Penrose Auckland or at such other place as the Credit Union may from time to time decide. Notice of any change in the registered office shall be sent to the Registrar within 14 days.

MEMBERSHIP

47 Admission to membership of the Credit Union shall be limited to:

- (a) Natural persons living in the Auckland Province including any such person aged 16 years or younger.
- (b) Any person who is a Member of the same household as, and is a relative of, a person who has been admitted to membership and who continues to qualify for admission to membership, of the Credit Union under paragraph (a) hereof.
- (c) A charitable entity as defined by the Charities Act 2005.
- (d) An incorporated society registered under the Incorporated Societies Act 1908 and amendments.
- (e) In paragraph (b) of this Rule, the term 'relative', in relation to any person, means:
 - (i) The spouse of that person including any former spouse or de facto spouse;
 - (ii) Any lineal ancestor, lineal descendent, brother, sister, uncle, aunt, nephew, niece, or first cousin of that person or that person's spouse;
 - (iii) The spouse (including any former spouse or de facto spouse) or any relative specified in subparagraph (ii) hereof.

58 An applicant shall be admitted to membership provided:

- (a) The applicant has completed an application in writing on a form prescribed by the Board; and
- (b) The applicant has provided any information as may from time to time be required by the Board or by statutory requirements; and
- (c) The applicant qualifies for admission to membership under Rule 7; and
- (d) The applicant has paid any entrance fee payable in accordance with these Rules; and
- (e) The application has been approved by the Board.

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

710 The minimum amount that a ~~member~~Member can deposit by way of a single transaction with the Credit Union is \$1.00.

- 811
- (a) A ~~member~~Member who ceases to fulfil the qualifications for membership under Rule 7 shall be entitled, subject to Rule ~~12+213~~, and at the discretion of the Board, to retain that membership and in these Rules shall be referred to as a **'non-qualifying memberMember'** PROVIDED that a ~~member~~Member shall not cease to fulfil the qualifications for membership by reason merely of retirement from the Company or the Credit Union.
 - (b) The savings accounts of any ~~member~~Member who ceases to operate at least one savings account and/or loan account during any period of twelve consecutive months shall be deemed to be dormant accounts.
 - (c) An annual account fee for dormant accounts may be prescribed in accordance with these Rules, provided however that if the ~~member~~Member operates the account at any time within five years of the account becoming dormant or if the ~~member~~Member is terminated pursuant to Rule ~~12+213~~, whichever occurs first, the annual account fees deducted under this Rule shall be refunded in full. For the

purposes of this Rule the dormancy of the account shall be deemed to commence at the beginning of the 12 month period in which the account is first found to be dormant.

~~9~~12 The number of non-qualifying ~~member~~Members shall not at any time exceed 10 percent of the total membership of the Credit Union. In such event, the Board shall have power to terminate the membership of as many non-qualifying ~~member~~Members as are necessary to reduce the number to 10 percent of the total membership. The Board in exercising its power under this Rule shall terminate the membership of those persons which it considers to have had the least involvement in the Credit Union. In the event that the Board is unable to make a distinction on such ground, the persons whose memberships are to be terminated shall be selected by means of a ballot conducted from a group of non-qualifying ~~member~~Members selected by the Board as having had the least involvement in the Credit Union.

~~10~~13 A ~~member~~Member, or the ~~member~~Member's personal representative, may withdraw from the Credit Union at any time. In such event all amounts paid in on shares by that ~~member~~Member shall be paid to the ~~member~~Member as funds become available and only after deducting therefrom any amounts due from the ~~member~~Member to the Credit Union.

~~11~~14 A ~~member~~Member may be expelled from membership of the Credit Union by a two-thirds majority vote of the ~~member~~Members present at a Special Meeting duly called for the purpose but only after an opportunity has been given to the ~~member~~Member to be heard. In the event of such expulsion the ~~member~~Member shall have the same rights and be subject to the same obligations as a ~~member~~Member withdrawing from the Credit Union under Rule ~~13~~14.

CAPITAL AND LIABILITY

~~12~~15 The Credit Union shall issue shares in its capital subject to the following:

- (a) Each share shall be of a fixed amount of one dollar denomination which may be paid for in whole or in part. A part payment shall be deemed to be a subscription in advance and no share shall be allotted to a ~~member~~Member until it has been fully paid.
- (b) The Board may fix a maximum amount of shares which may be held by any one ~~member~~Member.
- (c) Money paid in on shares may be withdrawn at any time by any means including, without limitation, automatic payment, direct debit or cheque or other bill of exchange, ~~FXT~~, eftpos or other electronic transaction, debit card (whether payable to the ~~member~~Member or any other person at the ~~member~~Member's discretion) but the Board shall have the right at any time to require ~~member~~Members to give 60 days' notice of their intention to withdraw the whole or any part of the money so paid.
- (d) If a withdrawal of shares would reduce ~~member~~Member's paid-up shareholding in the Credit Union to less than the ~~member~~Member's total liability (including any contingent liability) to the Credit Union whether as borrower, guarantor or otherwise, then:
 - (i) In the case of a non-qualifying ~~member~~Member, the withdrawal shall not be permitted; and
 - (ii) In any other case, the withdrawal shall be permitted only at the discretion of the ~~Trustees~~Board.
- (e) Shares in the Credit Union shall not be transferable and the Credit Union shall not issue a certificate to a ~~member~~Member denoting ownership of a share.
- (f) A share may be held by two or more ~~member~~Members jointly. For the purposes of the Act, the person first named on the Credit Union's ~~register~~ledger shall be deemed to be the ~~member~~Member to whom the share was allotted.

16 The share capital of the Credit Union is issued on the condition that its value may be written down and that any shares may be consolidated with other shares held by the ~~member~~Members in reduction of any accumulated losses of the Credit Union in the same proportion as all other shares issued in the capital of the Credit Union are written down

and consolidated provided always that any such write down by capital and consolidation of Shares is recommended by the Board and approved of by a Special Resolution.

~~1317~~ Notwithstanding that shares are not transferable, a ~~member~~Member may nominate a person or persons to receive any shares that the ~~member~~Member may have in the Credit Union at his or her death or any sum of money payable by the Credit Union at that time. Such nomination shall be in writing on a form prescribed by the Board and delivered or sent to the registered office. The maximum value of shares or sum of money so nominated shall not exceed the sum of \$2,000 in total (or such other sum as may from time to time be authorised by the Act).

~~1418~~ Subject to Rule ~~1617~~, in the case of the death of a ~~member~~Member, the survivor or survivors where the deceased was a joint holder of shares, and the legal personal representative of the deceased where the deceased was a sole holder of shares, shall be the only persons recognised by the Credit Union as having any title to the deceased's interests in the shares. In the case of the death of a joint holder of shares his or her estate shall remain liable in respect of any share which had been jointly held by that ~~member~~Member with other persons.

~~1519~~ Where a ~~member~~Member dies or becomes bankrupt, the ~~member~~Member's personal representative or the assignee of the ~~member~~Member's estate, as the case may be, shall be entitled, upon the production of such evidence as may from time to time be properly required by the Board, to be paid all amounts paid in on shares as funds become available and after deducting there from any amounts due from the ~~member~~Member to the Credit Union.

FEES, LEVIES AND CHARGES

~~1620~~ Members shall pay for services provided by the Credit Union:

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

FINES AND FORFEITURES

~~1721~~ No fines or forfeitures shall be imposed on any ~~member~~Member.

FINANCIAL YEAR

~~1822~~ The financial year of the Credit Union shall be from the 1st day of July to the 30th day of June each year, both dates inclusive.

MEETING OF MEMBERS

~~1923~~ Meetings of the ~~member~~Members shall be called as follows:-

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

~~2024~~ The business at annual meetings shall be set by the Board and may include:

- (a) To ascertain that a quorum is present
- ~~(a)(b)~~ Minutes of the last Annual Meeting (where appropriate)
- ~~(b)(c)~~ Report of Directors;
- ~~(c)(d)~~ Presentation of the Audited Financial Statements
- ~~(d)(e)~~ Report of Treasurer;
- ~~(e)~~ Report of Trustees;
- (f) Report of Audit Committee,
- (g) Appointment of Auditor
- (h) Remuneration of Directors; and
- (i) Elections of Officers.

~~2125~~ A charitable entity or incorporated society that is a ~~member~~Member of the Credit Union under these Rules shall be entitled to appoint by notice in writing, signed by the chair and secretary of the entity or society, its representative at a meeting of ~~member~~Members. Such representative if so appointed shall be entitled to vote on behalf of that entity or society, provided that the notice shall not be effective unless it specifies whether the appointment is for a particular meeting or a specified term and a copy of the notice is delivered to the Credit Union not less than 24 hours before the stated commencement time of the meeting.

~~2226~~ At annual and special meetings 15 ~~member~~Members present in person shall constitute a quorum. If no quorum is present, an adjournment may be taken to a date not less than seven, or more than 17 days, thereafter. The ~~member~~Members present at any date to which the meeting is so adjourned shall constitute a quorum regardless of the number present. At least five days before the meeting so adjourned the Secretary shall cause notice thereof to be given to each ~~member~~Member.

ELECTIONS

~~2327~~ The procedure for the nomination and election to office of the Directors, ~~and Trustees~~ shall be as follows:

- a) At least 30 days prior to each annual meeting the Chair shall appoint a Nominating Committee of three members. It shall be the duty of the Nominating Committee to nominate at the annual meeting one or more persons for each vacancy for which elections are being held. Such nominations should be of Members who have completed the "Fit and Proper Person Declaration", the "Suitability Notice For Director" as prescribed by the NBDT Act, the "Personal Information Statement" and who meet the requirements of the Credit Union's "Fit and Proper Person policy" to the satisfaction of the Nominating Committee, subject at all times to any requirements prescribed by the Reserve Bank of New Zealand for credit union directors. The Nominating Committee will circulate at the Annual General Meeting, a written Curriculum Vitae for each person so nominated detailing their relevant skills and experience.
- b) No charitable entity or incorporated society that is a ~~member~~Member under these Rules may be nominated for or elected to, any office in the Credit Union provided that this shall not prevent a person appointed to represent under Rule ~~2526~~ from being nominated and elected to office if a ~~member~~Member of the Credit Union in their own right.
 - ~~(a)~~ Nominations shall be dealt with in the following order:
 - ~~(i)~~ Nominations for Directors;
 - ~~(ii)~~ Nominations for Trustees;
 - ~~(b)(c)~~ All elections shall be determined by a majority vote and shall be by ballot except where there is only one nominee for the office.

~~(e)(d)~~ Elections ~~for Directors may shall~~ be conducted by one ballot for all ~~offices~~ Directors or by separate ballots, ~~in which event the elections shall be conducted in the following order:~~

~~(i)~~ — Election of Directors;

~~(ii)~~ — Election of Trustees;

~~(d)(e)~~ Following the appointment of scrutineers by the Chair the ballot papers shall be distributed, the votes shall be taken and tallied and the results announced.

~~(e)(f)~~ Forthwith after the election of any new Director, the Nominating Committee shall cause to be sent to the Reserve Bank of New Zealand a suitability notice (as that term is defined in the Non-Bank Deposit Takers Act 2013) in respect of all newly elected Directors.

~~(f)(g)~~ Where there have been any suitability issues in the suitability notice of any Director, that Director may not hold office unless and until the Reserve Bank of New Zealand has issued (and not withdrawn) notice of non-objection in connection with that Director under the Non-Bank Deposit Takers Act.

RIGHT OF VOTING

2428 On every matter which is determined by a vote of ~~member~~ Members the following Rules shall apply:

(a) Every ~~member~~ Member shall be entitled to vote and shall have one vote only and must have attained the age of sixteen (16) years by the closing date for voting.

~~(b) No member shall be entitled to vote by proxy. Where a Special Resolution is proposed for any meeting, each memberMember may also vote by proxy. A proxy for a memberMember is entitled to attend and be heard at a meeting of memberMembers as if the proxy were the memberMember.~~

~~(c) A proxy must be appointed by notice in writing, in the form from time to time prescribed (or otherwise approved) by the Board. The notice must state whether the appointment is for a particular meeting or for a specified term.~~

~~(e) (c) In the case of the election of Trustees, a motion for the expulsion of a member pursuant to Rule 11 or a motion for dissolution of the Credit Union pursuant to Rule 75, the votes of members shall be cast in person. In any other case, where a member resides at a distance of not less than 100 kilometres from the place appointed for any meeting at which elections are to be conducted or a special resolution is to be moved, that member may cast a postal vote by means of a ballot paper prepared for this purpose and obtainable on request from the Secretary.~~

~~(d) In the case of a motion for the expulsion of a memberMember pursuant to Rule 141415, the votes of memberMembers shall be cast in person.~~

~~(e) If permitted by the Board, a memberMember may cast a postal vote by means of a ballot paper prepared for this purpose and obtainable on request from the Secretary.~~

~~(f) A postal vote shall be valid if it is received by the Credit Union not later than 4.00pm. on the day of the meeting. The postal vote shall be handed to the scrutineers appointed to act at the meeting who shall ensure the inclusion of the postal vote in the voting tally.~~

~~(g) In the case of an equality of votes then the Chair shall be entitled to a casting as well as a deliberative vote.~~

BOARD OF DIRECTORS

2529 The Board of Directors shall be constituted as follows:

(a) The Board shall comprise not less than 5 nor more than 9 Directors, which number may include up to 3 independent directors who do not have a contractual relationship by way of shares or are ~~member~~ Members of the Credit Union. All directors must at all times meet the Credit Union's "Fit and Proper Person" policy and Suitability Notice for Directors.

~~(b) At the first Annual Meeting of the Credit Union three of the Directors shall be elected for a term of one year and three of the Directors for a term of two years. Thereafter the term of each Director shall be two years or until the election and qualification of a successor.~~

~~(e)(b)~~ Notwithstanding Rule 29(a), the minimum number of Directors may be less than 5 for so long as the Reserve Bank of New Zealand is dealing with the suitability notice of any elected Director.

~~(d)(c)~~ In the event of a vacancy on the Board caused by the death, disqualification or resignation of a Director so elected, the Board shall appoint a ~~member~~Member to fill the vacant office should the number of current directors fall below the minimum number of Directors, and that ~~member~~Member shall hold such office until the next annual meeting or until the election and qualification of a successor.

~~(e)(d)~~ If the Reserve Bank of New Zealand notifies the Credit Union that any elected Director is unsuitable to be a Director that person shall not take office.

Notwithstanding the foregoing, the Supervisor may appoint and remove Directors in the circumstances prescribed, and to the extent authorised, by the Trust Deed.

~~2630~~ (a) The Board shall meet ~~on~~ at least ~~eleven (11) times per year one occasion each month~~ eleven (11) times per year at a time and place to be determined by the Board. The Chair or in his absence the Vice-Chair, or in their absence, the Secretary, may call a special meeting of the Board at any time and shall do so upon the written request of any three Directors. The Chair, Vice-Chair or Secretary, as the case may be, shall fix the time and place of any special meeting unless the Board by resolution prescribes otherwise. Notice to the Directors of all meetings of the Board shall be given in such manner as the Board may from time to time by resolution prescribe.

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

~~2731~~ Fifty per cent or more in number of the Directors shall constitute a quorum for the transaction of business at any meeting of the Board but fewer than a quorum may adjourn from time to time until a quorum is in attendance. Written notice of an adjourned meeting need not be given to the Directors. If a Director fails to attend three consecutive regular meetings of the Board or otherwise fails to perform any of the duties of the office, the office may be declared vacant by the Board which shall then be filled in accordance with Rule 29(c).

~~2832~~ The Board ~~may~~ may regulate the manner in which it conducts its meetings and (without limitation) this may be by audio, or audio and visual, communication by which all Directors participating and constituting a quorum can simultaneously hear each other throughout the meeting. ~~establish such committees as it sees fit to carry out such delegated functions as the Board may direct.~~

~~2933~~ The Board may appoint such associate directors as it may decide and every associate director shall be entitled to have notice of all meetings of the board and shall have speaking rights at those meetings provided however that an Associate Director shall not have voting rights or be counted in the quorum of a meeting of the Board.

DUTIES AND POWERS OF THE BOARD OF DIRECTORS

~~3034~~ The Board ~~shall~~ is authorised to determine, promulgate and implement the policies of the Credit Union and shall be responsible for the general management of the affairs and records of the Credit Union. In addition ~~and without limiting to~~ the duties customarily performed by a board of directors, the Board ~~may~~ shall:

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

(b) Without limiting Rule 64, determine the lending policy of the Credit Union, to its members and ensure that the details of the lending policies, from time to time in force, are readily available to members.

- (c) Determine from time to time the rate or rates of interest consistent with the provisions, if any, prescribed by law which should be charged on loans.
- (d) Establish ~~by law~~the terms under which all types of savings accounts may be established for ~~member~~Members provided that subscription shall be by shares which shall rank equally with all and any other shares issued by the Credit Union.
- (e) Declare dividends from earnings ~~from time to time in accordance with Rule 7074.~~
- (f) Authorise the employment of such person or persons as may be necessary to carry on the business of the Credit Union and fix the remuneration of such persons including the Treasurer.
- ~~(g) Arrange for the Trustees to borrow money, and grant security over the assets of the Credit Union for such borrowings, in each case in accordance with these Rules and the Trust Deed.~~
- ~~(h)~~(g) Determine the borrowing policy of the Credit Union~~Ensure that the Treasurer and every other officer having the receipt or charge of money shall, before taking up office, give security in accordance with Section 114 of the Act.~~
- ~~(i)~~(h) Determine the investment policy for the Credit Union and ensure investments made by the ~~Trustees~~Credit Union are in compliance with these Rules, Trust Deed and ~~Sections 49, 113 and 117~~ of the Act.
- ~~(j)~~(i) Cause proper accounting records to be kept relating to the transactions of the Credit Union and its assets and liabilities in accordance with Sections 60 and 121 of the Act.
- ~~(k)~~(j) Establish and maintain a satisfactory system of control of the accounting records of the Credit Union, its cash holdings and all its receipts and payments in accordance with Section 121 of the Act.
- ~~(l)~~ (k) Institute and maintain procedures for the prevention and detection of fraud or other dishonesty by any of the ~~officer~~Officers or employees of the Credit Union and to take out and maintain a policy or policies of insurance providing cover against any such fraud or other dishonesty in accordance with Section 133 of the Act.
- (l) Maintain an appropriate insurance cover over the fixed assets of the Credit Union and for all other risks as circumstances may warrant
- ~~(m)~~ (m) Ensure that its marketing and educational objectives are met through the strategic planning process.
- (n) Maintain a Conflicts Register at the registered office of the Credit Union in the format set out in Schedule "A" of these rules and ensure that it is properly updated and maintained in accordance with Rule 58(d).
- (o) Give meaningful effect to the objects of the Credit Union set out in Rule 2 hereof.
- (p) Ensure that the Credit Union complies with all of its obligations under the Act.
- (q) Perform or authorise any action consistent with the provisions of the law and these Rules not specifically reserved by these Rules or the Act for the ~~member~~Members.
- ~~(r)~~ (r) Perform such other duties as the ~~member~~Members, may from time to time require.
- ~~(s) Ensure that the officers and any manager employed in the capacity of chief executive officer, general manager or senior manager become members of the Credit Union Institute of New Zealand Incorporated or any other such professional body as approved by the Board and retain membership of that body and abide by its code of ethics whilst holding office.~~
- ~~(t) Appoint an Audit Committee in accordance with Rule 42 hereof.~~
- ~~(u) Establish and delegate its functions to and appoint and remove such Board Committees as the Board may from time to time determine.~~
- ~~(v) Delegate any duties customarily performed by the Board, subject to the Trust Deed and the Act.~~

~~30A~~ The Board may, subject to any restrictions in these Rules, the Trust Deed and the Act, enter into agreements (whether with the Association or any other person) for the provision of direct credit, cheque account facilities, direct debit whether by electronic means or otherwise, including transactions generated via the internet, ATM, EFTPO, TXT or telephone services provided for this purpose, debit card and credit card for members.

REMUNERATION OF DIRECTORS

~~3135~~ Legitimate expenses of elected ~~officer~~Officers may be reimbursed including any loss of salary or wage from the ~~officer~~Officer's regular employment if this has directly resulted from having to attend to the business of the Credit Union and payment for such attendance has been approved by the Board.

~~3236~~ Fees, honoraria and meeting payments (other than the remuneration of the Treasurer) may be paid to the Directors (including any associate director) in such amounts and manner as the Board in its absolute discretion may decide provided however that the total fees, honoraria, and meeting payments so paid shall not exceed that sum which has been approved at an immediately preceding annual meeting (or adjourned Annual Meeting) of the ~~member~~Members of the Credit Union.

OFFICERS

~~3337~~ The ~~officer~~Officers of the Credit Union shall be elected and hold office as follows:

(a) Within fourteen days following each annual meeting, the Directors shall elect from their own number a Chair, Vice-Chair, ~~Secretary~~ and Treasurer provided that no person who is 19 years of age or younger shall hold the office of Treasurer.

~~(b) The Board shall appoint, from time to time, a person (who may be, but need not be, a Director) to hold office as Secretary and may, in their discretion, remove that person from office.~~

~~(c) If the Board appoints a person who is not a Director as Secretary, the offices of Secretary and Treasurer may not be combined. If the Board appoints a person who is a Director as Secretary, the offices of Secretary and Treasurer may be combined with the consent in writing of the Registrar.~~

~~(b) The offices of Secretary and Treasurer may be combined subject to the consent in writing of the Registrar.~~

~~(e)~~(d) Unless sooner removed, as herein provided, the ~~officer~~Officers so elected shall hold office for a term of one year or until the election and qualification of their respective successors.

~~(d)~~(e) In the event of a vacancy in the office of Chair, Vice-Chair, Treasurer, and/or Secretary, caused by the death or disqualification of an ~~officer~~Officer so elected, the Directors shall elect from their own number a person to fill the vacant office and that person shall hold such office until the next annual meeting or until the election and qualification of a successor.

~~3438~~ The Credit Union is authorised by resolution of the Board to effect insurance or to indemnify an Officer in respect of:

(a) Liability, not being criminal liability or liability in respect of a breach of any fiduciary duty owed to the Credit Union, for any act or omission in his or her capacity as an ~~officer~~Officer; or

(b) Costs incurred by that Officer in defending or settling any claim or proceeding relating to such liability; or

(c) Costs incurred by that Officer in defending any criminal proceedings in which he or she is acquitted.

~~34A. A meeting of members may approve the appointment of a member to the office of Patron of the Credit Union following recommendation by the Board. There may only be one Patron at any one time. The term of office of Patron shall be from their election until death, resignation or their removal from office in accordance with these Rules. The Patron shall have the right to attend and be heard at meetings of the Board but shall have no vote. Directors of the Credit Union may not hold the office of Patron. The office of Patron is an honorary one providing unique recognition to exceptional members. The appointment is personal to the bearer of the title.~~

CHAIR AND VICE CHAIR

3539 The functions of the Chair shall be as follows:

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

DUTIES OF THE TREASURER

3640 The Treasurer shall:

- (a) Make or cause all payments received by the Credit Union and all cash held that is surplus to its cash operating requirements as may be determined by the Board to be deposited within 3 working days in such bank accounts as are authorised by the Board.
- (b) Make or cause to be prepared each month, financial statement showing the cash and deposited funds of the Credit Union, operational gains and losses, assets and liabilities, and the key prudential ratios of the Credit Union as at the close of business on the last day of the month, such statement to be presented by the Treasurer at the next available Board meeting.
- (c) Cause to be prepared in respect of each financial year financial statements in accordance with the Financial Reporting Act 2013 and the Financial Markets Conduct Legislation.
- (d) Within ~~three~~four months of the close of each financial year ~~of the Credit Union~~ send to the Registrar an annual return for that financial year in accordance with Section 127 of the Act.
- (e) Make available on the application of a ~~member~~Member or person interested in the funds of the Credit Union, without charge, a copy of the last annual return together with a copy of the report of the auditors in accordance with Section 129 of the Act.
- (f) Keep available for inspection at the registered office:
 - (i) An indexed register of ~~member~~Members which shall be open to inspection by any ~~member~~Member, in accordance with Section 130 of the Act,†
 - (ii) The books and accounts of the Credit Union which shall be open to inspection by any ~~member~~Member or other person having an interest in the funds of the Credit Union provided that no person (unless he or she is an official of the Credit Union acting in the course of his or her duties) shall inspect any accounts of another ~~member~~Member without the written authority of that ~~member~~Member; and, in accordance with Section 131 of the Act;

~~(iii)~~(ii) A copy of the last annual financial statements of the Credit Union together with the report of the auditor which shall be open to inspection by any ~~member~~Member, or other person having an interest in the funds of the Credit Union, in accordance with Section 132 of the Act.

- (g) Perform such other duties as he or she may be directed to perform by resolution of the Board not inconsistent with the law or these Rules.

3741 The Board may appoint one or more persons to act as assistant Treasurer and authorise such person or persons under the direction of the Treasurer to perform any of the duties devolving on the Treasurer. An assistant Treasurer may also act as Treasurer during the absence of the Treasurer or in the event that the Treasurer is unable to act.

DUTIES OF THE SECRETARY

3842 The Secretary shall:

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

TRUSTEES

~~39 The Trustees of the Credit Union shall be elected and hold office as follows:~~

- ~~(a) There shall be **[number of Trustees]** Trustees who shall have attained the age of 20 years and who shall be elected by the members at the annual general meeting.~~
- ~~(b) The term of each Trustee shall be two years provided that no person shall be elected for a term of office as Trustee which exceeds the term then remaining of that person as a Director of the Board.~~
- ~~(c) The same person shall not hold the office of Secretary or Treasurer of the Credit Union while holding at the same time a position as Trustee.~~
- ~~(d) The Trustees shall choose from among their number a Chair and Secretary which offices may be held by the same person. The Secretary shall maintain and have custody of full and correct records of every action taken by the Trustees.~~
- ~~(e) Within 14 days after the election of a Trustee the Secretary shall send to the Registrar a copy of the resolution signed by the Trustee so elected and by the Secretary.~~
- ~~(f) As soon as practicable after the death, resignation or disqualification of a Trustee, a new Trustee shall be elected by the members from the Board.~~

~~40 The Trustees shall meet on at least one occasion each month at a time and place to be determined by the Trustees. Notice of such meetings shall be given to the Trustees in such manner as they may from time to time by resolution prescribe. The Trustees shall keep a record of all such meetings.~~

~~41 The Trustees shall:~~

- ~~(a) Act as the credit committee for the Credit Union and fulfil all statutory duties required of the Trustees. In the event of a vacancy on the credit committee caused by the death, resignation or disqualification of a Trustee the Board may elect from their own number a person to fill the vacant office and that person shall hold such office until the election and qualification of a successor.~~
- ~~(b) Supervise or delegate to an authorised employee of the Credit Union as may be prescribed from time to time all loans made by the Credit Union to members and review any loan application they deem fit to determine whether the security~~

~~offered by the member is sufficient and the terms upon which such loan shall be made.~~

- ~~(c) — Control all bank accounts under such terms as may be determined by resolution of the Trustees.~~
- ~~(d) — Hold all property belonging to the Credit Union which shall be vested in the Trustees for the use and benefit of members and all persons claiming through any of them according to these Rules.~~
- ~~(e) — Pay any moneys received by the Trustees on account of any investment of the Credit Union within three working days to the tellers with full particulars so as to enable the accounts to be correctly kept.~~
- ~~(f) — Subject to the provisions of the Rules of the Trust Deed, borrow money, and grant security over the assets of the Credit Union for such borrowing, in each case on such terms and conditions as are approved by the Board from time to time.~~
- ~~(g) — Ensure compliance and these Rules and the Trust Deed in relation to the making of loans to members.~~
- ~~(h) — Invest the funds of the Credit Union in accordance with these Rules and the Trust Deed, including any investment policy determined from time to time by the Board of Directors.~~
- ~~(i) — Make a monthly report on loan matters to the Board and a general report to the members at the Annual Meeting.~~

DEALING WITH LAND AND BUILDINGS

~~42 — The Credit Union, in the name of the Trustees, is authorised to purchase, hold, take on lease, or otherwise provide:~~

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

~~The Credit Union shall have the power to hold any interest in land so far as is necessary for the purpose of making loans to the members on the security of an interest in land and of enforcing any security.~~

AUDIT COMMITTEE

43 There shall be an Audit Committee which shall be appointed by the Board ~~as a Committee of the Board~~ and shall consist of two or more ~~member~~**Members** at least one of whom shall be a member of the Board as the Board in its absolute discretion may decide. The Board may from time to time appoint and remove members of the Audit Committee.

44 The Audit Committee shall:

- (a) Ascertain that all actions by the ~~Trustees and the~~ Board are in conformity with:
 - (i) these Rules;
 - (ii) Act; and
 - (iii) the Financial Markets Conduct Legislation and all other applicable legislation; and
 - (iv) the International Credit Union Operating Principles;
- (b) Make or cause to be made a routine operating inspection of the affairs of the Credit Union at least once every three months, which shall include an examination of its books including the system of control maintained under Section 121 of the Act, and an inspection of the securities, cash, accounts, and loans;
- (c) Inspect the Conflicts Register and ensure that it is properly updated and maintained by the Board in accordance with Rule ~~60(d)~~**60(d)64(d)**;

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

~~(d)~~(e) Perform such other functions as may be delegated to it by the Board, from time to time.

~~(e)~~45 The Audit Committee shall have the power by unanimous vote of the Committee at a meeting called for the purpose to suspend any ~~officer~~Officer or director or to call a special meeting of the Credit Union to consider breaches of these Rules. Forthwith after the suspension of any such person the Audit Committee shall lay the matter before a Special Meeting of the Credit Union. At any such meeting the person under suspension shall have the right to be heard and to be represented by Counsel. After giving the person the opportunity to be heard the meeting shall either sustain the suspension or reinstate the person.

4546 The Audit Committee shall cause to be expeditiously made, annual and/or six-monthly audits of the Credit Union's financial statements and written reports in accordance with Sections 122 to 125 of the Act and with Financial Markets Conduct Legislation.

4647 The Audit Committee shall make recommendations on the appointment of the external auditor and regularly liaise with and consider the advice and recommendations of the external auditor with regard to the matters set out in Rule ~~444449~~

APPOINTMENT OF EXTERNAL AUDITOR

4748 The Credit Union shall appoint an External Auditor to audit the financial statements of the Credit Union each financial year in accordance with sections 122 and 123 of the Act and in accordance with the Financial Markets Conduct Legislation and the Trust Deed.

METHOD OF CONTRACTING

49 A contract or other enforceable obligation may be entered into by the Credit Union as follows:

(a) An obligation that, if entered into by a natural person, would by law, be required to be by deed may be entered into on behalf of the Credit Union in writing signed under the name of the Credit Union by:

(i) two or more Officers of the Credit Union whose signatures must be witnessed; or

(ii) a Director, or other person authorised by the Board, whose signature must be witnessed; or

(iii) one or more attorneys appointed by the Credit Union in accordance with these Rules.

(b) An obligation that, if entered into by a natural person, is, by law, required to be in writing may be entered into on behalf of the Credit Union in writing by a person acting under the Credit Union's express or implied authority.

(c) An obligation that, if entered into by a natural person, is not, by law, required to be in writing may be entered into on behalf of the Credit Union in writing or orally by a person acting under the Credit Union's express or implied authority.

50 The Credit Union may, by an instrument in writing executed in accordance with Rule ~~494953~~, appoint a person as its attorney either generally or in relation to a specified matter, as determined by the Board.

PRUDENTIAL SUPERVISION

4851 In order to comply with the Financial Markets Conduct Legislation, ~~the Securities Regulations 2009~~ or any Exemption Notice the Credit Union may ~~Trustees may on the recommendation of the Board~~ enter into a Trust Deed with a Supervisor in a form approved by the Board pursuant to which:

(a) The Supervisor covenants to monitor the affairs of the Credit Union for the benefit of ~~member~~Members in accordance with the provisions of the Trust Deed and its duties under the FMC legislation ;

- (b) The Supervisor may in certain circumstances give directors in respect of the administration of the affairs of the Credit Union which are binding on the ~~Trustees and the~~ Board and on the Credit Union; and
- (c) The Credit Union agrees to provide security to the Supervisor for the benefit of ~~member~~Members. ~~The Credit Union agrees to grant to the Supervisor a charge in and over its secured property and assign by way of security to the Supervisor all secured property that constitutes present or future rights or things in action.~~

~~49~~ Upon entry into any such Trust Deed the Supervisor shall be deemed to be a person claiming through the Members pursuant to Section 112(1) of the Act and the Trustees and Board will act accordingly.

~~5052~~ Any directions given by the Supervisor to ~~the Trustees and/or~~ the Board under the powers conferred on the Supervisor in the Trust Deed shall be given effect to by the ~~Board~~Trustees and each Director and be binding on all Members.

~~5153~~ The Credit Union ~~is and the Trustees are~~ authorised to appoint from time to time by deed in a form to be approved by the Board ~~and~~ the Supervisor, any receiver appointed by the Supervisor and each of the Supervisor's officers for the time being severally to be the Credit Union's attorney or attorneys for such purposes and with such powers, authorities and discretions and for such period and subject to such conditions as the Board may think fit, and any such powers of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit and may also authorise any such attorney to delegate all or any of the powers, authorities and discretions vested in him or her.

~~5254~~ The Supervisor, through any of its agents, attorneys or representatives, may attend at any meeting of the Credit Union and shall have the standing and right to speak and be heard at any such meeting, whether in relation to any matter arising during the course of the business of that meeting or any other matter which the Supervisor wishes to raise at the meeting.

~~5355~~ The Credit Union will call a special meeting of ~~member~~Member s at the request of the Supervisor in accordance with the Trust Deed. Such meeting will be called and held in accordance with the Trust Deed.

~~54~~ The share capital of the Credit Union shall be issued on the condition that its value may be written down and that any shares may be consolidated with other shares held by the Members in reduction of any accumulated losses of the Credit Union in the same proportion as all other shares issued in the capital of the Credit Union are written down and consolidated provided always that any such write down by capital and consolidation of shares is recommended by the Board and approved of by a special resolution of Members.

~~5556~~ The Credit Union shall to the extent necessary ~~to~~ comply with Financial Markets Conduct Legislation, ~~the Securities Regulations 2009,~~ any Exemption Notice ~~issued thereunder~~ or any provision of the Trust Deed, amend these Rules provided that no amendment of these Rules shall be valid until registered pursuant to Section ~~23106B~~ of the Act.

~~5657~~ A Director ~~or Trustee~~ shall vacate his or her office by resignation immediately he or she receives a notice of removal or disqualification from the Supervisor pursuant to the Trust Deed.

CONFLICT OF INTEREST

~~5758~~ For the purpose of Rules ~~595963,~~ ~~606064~~ and ~~616165~~ only, and no other Rules;

'Officer' includes a Director or member of the Board (including any other person who by precedent or agreement is an ex officio member) a member of ~~the~~ Board ~~Committee,~~ ~~a Trustee or a member of the Audit Committee.~~

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

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

- (i) A ~~member~~Member;
- (ii) A staff member;
- (iii) A spouse, defacto partner, child or member of immediate household;
- (iv) A parent, uncle, aunt, brother, sister or immediate relationship through marriage;
- (v) A cousin in the first degree of blood relationship;
- (vi) A business partner or former business partner;
- (vii) A relative or close personal friend or association in circumstances which is deemed by the other members of the Board or committee or sub-committee to constitute a conflict of interest.

5859 In all cases where a conflict of interest or possible conflict of interest arises concerning any matter or transaction there should be a disclosure by the Officer concerned to the Board or committee of which the Officer is a member or ex-officio member, as well as to any Member or staff member who may be personally affected.

5960 In circumstances where a conflict of interest exists and whether or not it has been disclosed;

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

6061 Any decision which is made or taken in breach of Rule ~~6060~~64 shall be invalid and ultra vires the Rules of the Credit Union.

DISQUALIFICATION OF DIRECTORS; ~~TRUSTEES~~ AND AUDIT COMMITTEE MEMBERS

6162 A Director, ~~Trustee~~, or ~~Audit Board~~ Committee member shall vacate his or her office immediately he or she:

- (a) Ceases to be a ~~member~~Member of the Credit Union if in these Rules membership is prerequisite to holding such office; or
- (b) Becomes a ~~member~~Member of the Credit Union if not being a ~~member~~Member was a prerequisite condition to appointment or election; or
- (c) Becomes bankrupt or makes any arrangements or composition with his or her creditors generally; or
- (d) Becomes a protected person under the Protection of Personal Property Rights Act 1988 or of unsound mind under the mental Health (Compulsory Assessment and Treatment) Act 1992; or
- (e) Resigns his or her office by notice in writing to the Credit Union; or
- (f) Has been convicted of an offence involving fraud or dishonesty; or
- (g) Has received a notice of removal or disqualification from the Supervisor pursuant to the Trust Deed; or
- (g)(h) Is removed from office under these Rules; or
- (i) Is barred from holding office under legislation affecting financial institutions, or if any public disclosure is required to be made by the Credit Union in respect of that ~~officer~~Officer concerning previous bankruptcy, conviction for a crime of dishonesty,

prohibition as a director or manager , or conviction for failing to make such a disclosure.

~~(j) Has raised one or more suitability concerns and the RBNZ has informed the Credit Union that it does not intend to give a notice of non-objection in respect of that director.~~

~~(h)~~

~~(i)(k) Is removed from office under any applicable legislation including having a determination made by the Reserve Bank of New Zealand, pursuant to section 16 of the Non-Bank Deposit Takers Act 2013, that the Director is unsuitable to be a Director of the Credit Union~~

LOANS

~~62 The Credit Union shall only make loans to its members, which loans shall be subject to the following:~~

- ~~(a) Applications for loans shall be on forms prescribed by the Board and shall in each case set forth the purpose for which the loan is desired, the security offered (if any) and such other information as the Board may require.~~
- ~~(b) The Credit Union may make loans for such purposes and upon such security (or without security) and conditions as shall be determined from time to time by the Board.~~
- ~~(c) The Board may from time to time fix the maximum amount of any loan, secured or unsecured, which may be made by the Credit Union to a member, and the total amount that may be outstanding on loans to members.~~
- ~~(d) The Board may from time to time fix the maximum amount by which the indebtedness of a member (other than a non-qualifying member as defined in Rule 8) may exceed the total amount of the member's shareholding in the Credit Union.~~
- ~~(e) In the case of a non-qualifying member, no loan shall be made by the Credit Union if the making of the loan would cause that member's total liability (including contingent liability) to Credit Union, whether as borrower, guarantor, or otherwise, to exceed his or her total paid up shareholding in the Credit Union at that time.~~
- ~~(f) The maximum period within which a loan by the Credit Union must be repaid may be fixed by the Board from time to time.~~
- ~~(g) In the event of insufficient funds being available to meet loan applications which would otherwise be approved it shall be the policy of the Credit Union to give preference in all cases to those applications for a lesser amount.~~

LOANS AND SERVICES

~~63 The Credit Union may make loans (with or without security) as follows:~~

- ~~(a) To ~~member~~Members;~~
- ~~(b) To Enterprises in cases where:

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

 - ~~(aa) is related to a ~~member~~Member; and~~
 - ~~(ab) has no more than 19 full-time equivalent employees; and~~~~
 - ~~(ii) the loan is to be used for the purposes of a business being, or to be, carried on by the Enterprise.~~~~

~~64 The Board may do any of the following:~~

- ~~(a) Prescribe the form of the application for loans;~~
- ~~(b) Prescribe the purpose and security (if any) upon which loans may be made;~~
- ~~(c) Fix the maximum amount of any loan;~~

- (d) Otherwise determine the Credit Union's lending policy, (including, without limitation the Credit Union's lending policy with respect to loans to non-qualifying ~~member~~Members and Enterprises).
- 65 Where a loan has been made to a ~~member~~Member whose membership is terminated, the Board may require that ~~member~~Member to repay the loan (on such terms and terms as the Board may determine).
- 66 The Credit Union may provide products or services as follows:
- (a) To ~~member~~Members;
- (b) To Enterprises which have loans with the Credit Union under Rule ~~6s (b) 1(b):~~
- (c) To Enterprises in cases where:
- (i) the Enterprise (when the product or service is provided):
- (aa) is related to a ~~member~~Member; and
- (ab) has no more than 19 full-time equivalent employees; and
- (ii) the product or service is for the purposes of a business being, or to be, carried on by the Enterprise.
- 67 For the purposes of Rules ~~636367~~ and ~~666670~~, an Enterprise is **related** to a ~~member~~Member (M) if:
- (a) The Enterprise is a body corporate and M has the power, directly or indirectly, to exercise, or to control the exercise of, the rights to vote attaching to 25% or more of the voting products (as defined in section 6(1) of the FMC Act of the body corporate; or
- (b) The Enterprise is a firm under the Partnership Act 1908 in which M is a partner; and
- (i) M's share of the firm's profits in accordance with the terms of the partnership is 25% or more; or
- (ii) If M's share of the firm's profits cannot be determined in accordance with the terms of the partnership, M's share of the most recent distribution of the firm's profits was 25% or more; or
- (c) The Enterprise is the trustee or trustees of a trust and M has, or the members of M's family (taken together) have, a beneficial entitlement to 25% or more of the trust's assets.
- 68 For the purposes of Rule ~~676771~~(c), the members of M's family are:
- (a) M; and
- (b) Any current or former spouse, civil union partner, or de facto partner of M; and
- (c) Any brother, sister, lineal ancestor; or lineal descendant of M; and
- (d) Any current or former spouse, civil union partner, or de facto partner of a person covered by Rule ~~676771~~(c).

DONATIONS

- 69 The Directors may in their absolute discretion, but having due regard to the Credit Union's liquidity, make donations for charitable, cultural, benevolent, or philanthropic purposes having links with or affecting a reasonable proportion of the Credit Union's membership.

DIVIDENDS

- 6370 Subject to any additional requirements under the Act (including Sections 117A to 117D of the Act), dividends on shares may be paid to ~~member~~Members as follows:
- (a) In the course of, and/or at the end of, each financial year, the Board may declare a dividend or dividends from the net earnings received by the Credit Union.
- (b) In the course of any financial year, the Directors may declare a special dividend or dividends to be paid on shares withdrawn prior to the end of that financial year.

- ~~(c) Dividends may be paid on all fully paid-up shares held for a period of not less than one month during that financial year or for such other period, whether continuous or broken, as the Board may direct. A fully paid-up share shall be deemed to have been held by the member for one month provided payment in full is received on or before the third working day of that month and the share remains fully paid-up until the last working day of that month.~~
- ~~(d) Fully paid-up shares which at the end of the financial year have been held for a period of less than 12 months shall be entitled to payment of a dividend, if declared, of an amount in direct proportion to the period that the shares were so held.~~
- ~~(e) Where, at the end of any financial year, the Board declares a dividend of not less than 4 percent, the Board may direct the payment of a refund, either in whole or in part, of the interest paid by members in the course of that financial year on loans made by the Credit Union. The rate of any such interest rebate fixed by the Board shall be applied to each and every loan made by the Credit Union without variation or adjustment.~~
- (f)(c) A ~~member~~Member shall be deemed to have one fully paid share for each sum of one dollar paid to the Credit Union irrespective of the number of shares for which the ~~member~~Member has subscribed.

SERVICE OF NOTICES

- ~~6471 It shall be the duty of each member to advise the Credit Union of any change in his or her address.~~ (a) Each Member must supply to the Credit Union a telephone contact, a postal address and, if the Member wishes to receive communications by Electronic Communication, a working e-mail address.
- ~~(b) Each Member must from time to time supply to the Credit Union such proof of identity and address as may be required to enable the Credit Union to comply with its obligations under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 and all other applicable legislation requiring proof of identity.~~
- ~~6572 Where notice of any meeting is required to be given to a member, notice shall be deemed to have been duly given if, within the time prescribed by these Rules, written notice of the meeting and the business to be transacted at such meeting is advertised at least once in the Public Notices column of the "NEW ZEALAND HERALD" newspaper. Where notice of meeting is required to be given to a member, notice shall be deemed to have been duly given if, within the time prescribed by these Rules notice of the meeting and the business of the meeting is published in such newspaper or newspapers as the Board may determine, having regard to the member's physical addresses.~~
- ~~6673 Any notice to be given to any member may be given either: personally; or by sending it by post to the address of the member shown in the records of the Credit Union; or subject to the member having consented to receive information relating to the Credit Union in an electronic form, and at the discretion of the Board, by eElectronic Communication, means to the electronic address of the member shown in the records of the Credit Union.~~

TRANSFER OF ENGAGEMENTS

- ~~6774 For the purposes of section 135 of the Act, if~~ in the event of a proposal being received for the transfer of a credit union's engagements to the Credit Union, the Board of Directors may, subject to the applicable requirements of the Trust Deed, on behalf of the ~~member~~Members agree to the Credit Union accepting such a transfer of engagements ~~and undertake to fulfil the engagement of that Credit Union in accordance with Sections 83 and 135 of the Act~~ PROVIDED that such acceptance is by resolution passed by not less than 75 percent of the ~~Board of~~ Directors voting in person.
- ~~6875~~ In considering a transfer of engagements the Board of Directors shall have regard to the consequential effects on the Credit Union's common bond and the requirements of Section 135 (4) of the Act.
- ~~6976~~ It shall be within the power of the Board ~~of Directors~~ when accepting a transfer of engagements to enter into an arrangement whereby the persons holding office as

~~Directors~~ on the board of the transferring credit union (or a simple majority thereof) at the time of the transfer will have the sole right to retain the appointment of one or more (but not exceeding 3) directors who shall then hold office as additional Directors of the Credit Union for an agreed period which shall not in any case exceed 4 years. Such appointments shall be formally advised in writing and are in addition to the number of Directors specified in Rule 29(a) of these Rules.

RULES AND ALTERATIONS TO RULES

~~7077~~ These Rules may be altered by a resolution of ~~member~~Members entitled to vote and voting on the matter. No new Rule shall be made nor shall any of these Rules be altered or rescinded unless notice of the motion to make such new Rule, alteration or rescission and notice of the date, place and time of the meeting called to consider such motion has been given to each member. Such meeting may adopt such new Rule, alteration or rescission only on the vote of 75 percent of the members present and voting.

~~7178~~ An amendment to these Rules will have no effect until that amendment is registered in accordance with the Act. No amendment of these Rules shall be valid until registered pursuant to Section 23 of the Act.

DISPUTES

~~71.~~ (a) The following disputes shall be settled by arbitration:

~~(i) Every dispute between a member, or person claiming through a member or under these Rules, and the Credit Union or an officer thereof, including any dispute as to whether a member is entitled to be, or to continue to be a member.~~

~~(ii) Every dispute between a person aggrieved who has ceased to be a member, or a person claiming through such person aggrieved, and the Credit Union or an officer thereof, provided that the dispute is on a question which arose when the person aggrieved was a member, or arises out of that person's membership, and includes any dispute as to whether a person aggrieved is entitled to be reinstated as a member.~~

~~(b) One arbitrator shall be nominated by the Board on behalf of the Credit Union or the officer thereof and one by the other party. If the arbitrators are able to agree their decision shall be binding and conclusive on all parties.~~

~~(c) If the arbitrators are unable to agree they shall appoint an umpire whose decision shall be binding and conclusive on all parties.~~

~~(d) If either party shall neglect or refuse to appoint an arbitrator for a period of ten days after the receipt of notice of appointment of an arbitrator by the other party, such last named arbitrator may make a final decision alone and the decision so made shall be binding and conclusive on all parties.~~

~~(e) Subject to the right of an arbitrator or umpire to state a case for the opinion of the High Court and to the right of a person to refer a dispute to the Court where no decision is made on the dispute within forty days as provided in the Act, any decision which is binding and conclusive on all parties shall not be open to appeal and shall not be removable into any court of law or restrainable by injunction and application for enforcement of the decision may be made to a court of competent jurisdiction.~~

~~7279~~ (a) As a financial service provider registered under the Financial Service Providers (Registration and Dispute Resolution) Act 2008, the Credit Union is a member of an approved dispute resolution scheme. Disputes between the Credit Union, or an officer~~Officer~~ of the Credit Union, and its ~~member~~Members (including a person

claiming through a former ~~member~~Member), or those that have ceased to be ~~member~~Members, will be dealt with in accordance with the disputes resolution process approved by the Credit Union's dispute resolution scheme provider.

- (b) The approved dispute resolution process includes first an internal resolution process, where disputes may be dealt with internally by the Credit Union and thereafter, if not resolved, disputes within the jurisdiction of the approved disputes resolution scheme will be dealt with in accordance with the Rules of the approved disputes resolution scheme and all other disputes will be dealt with in accordance with Rules ~~798084(c)(e)~~ to ~~798084(g)(g)~~.
- (c) An unresolved dispute that does not come within the approved disputes resolution scheme shall be referred to arbitration as set out below.
- (d) One arbitrator shall be nominated by the Board on behalf of the Credit Union or the ~~officer~~Officer thereof and one by the other party. If the arbitrators are able to agree their decision shall be binding and conclusive on all parties.
- (e) If the arbitrators are unable to agree they shall appoint an umpire whose decision shall be binding and conclusive on all parties.
- (f) If either party shall neglect or refuse to appoint an arbitrator for a period of ten days after the receipt of notice of appointment of an arbitrator by the other party, such last named arbitrator may make a final decision alone and the decision so made shall be binding and conclusive on all parties.
- (g) Subject to the right of an arbitrator or umpire to state a case for the opinion of the High Court and to the right of a person to refer a dispute to the Court where no decision is made on the dispute within forty days as provided in the Act, any decision which is binding and conclusive on all parties shall not be open to appeal and shall not be removable into any court of law or restrainable by injunction and application for enforcement of the decision may be made to a court of competent jurisdiction.

INVESTIGATION

~~7380~~ Members may make Application ~~may be made~~ to the Registrar for an investigation into the affairs of the Credit Union or for the calling of a special meeting of the Credit Union in accordance with ~~Section 89 of the Act, as follows:~~

- ~~(a) — Where the membership of the Credit Union does not exceed 1000 members, on application made by one fifth of the whole number of members.~~
- ~~(b) — Where the membership of the Credit Union exceeds 1000 members, on application made by 200 members.~~

DISSOLUTION

~~74 — On the requisition of 50 percent of the members a special meeting shall be called by the Chair to consider the motion that the Credit Union be dissolved. Should such motion be carried by 75 percent of the members present then the meeting shall stand adjourned for a period of one month. The Secretary shall cause notice to be given to each member of such adjourned meeting and the business proposed. If at the resumption of the meeting the resolution is then confirmed by 75 percent of the members present the consent to dissolution shall be testified by the signature of an instrument of dissolution in the form prescribed by Section 94 of the Act.~~

~~75 — In the event of the dissolution of the Credit Union any assets remaining after the payment of debts, the repayment of share capital and the discharge of other liabilities of the credit union shall be transferred to another Credit Union, to the Association, or alternatively, shall be applied for charitable purposes in the event of a resolution to that effect being carried by 50 percent of the members present at the adjourned meeting held in accordance with Rule 76.~~

LIQUIDATION AND REMOVAL FROM REGISTER

~~81~~ The Credit Union may be put into liquidation by the appointment of a liquidator made pursuant to a Special Resolution.

82 In any liquidation of the Credit Union, any assets remaining after the repayment of debts, repayment of share capital and discharge of all other liabilities will be applied to such Charity or Charities as are determined by the Board.

83 Where:

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

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

any two Directors on behalf of the Board may by notice given to the Registrar confirming as to either ~~83(a)84(a)~~ or ~~83(b)84(b)~~ above and requesting that the Credit Union be removed from the Register.

