

Credit Union Auckland – Proposed Changes to the Rules 2019

Rule Number	Old Rule Description	New Rule Description	Comments
Heading and Interpretation	Nil	Add "Incorporated" to name of Credit Union	For completeness to record the Credit Union's incorporation
Interpretation			Various changes, deletions or additions made to give meaning to the terms or reflect the definitions within the Act or the Rules themselves
Interpretation 24(d), 27 (c)(d) Old Rules 40-43	Trustee	Deleted	The position of Trustees becomes obsolete following incorporation and all references to them are deleted
General			General changes have been made such as "Members" replacing "members" to give greater importance to our Members; "Officer" replacing "officer"
2	Credit Union was only permitted to make loans to Members.	The Credit Union is able to make loans to Members and certain Enterprises as described in Rule 68	Added to expand upon the range of potential loan recipients such as "Enterprises", as now allowed under the Act
3	Nil	The Rules are binding as between the Credit Union and each Member	Mirrors the language of section 105 of the Act
4 and 5	Nil	Rule 4 clarifies the extended capacity and powers of the Credit Union, following incorporation Rule 5 clarifies that certain activities are specifically permitted	Rule 4 mirrors new section 107B(1) of the Act Rule 5 clarifies specific rights for the Credit Union which were previously given to the Trustees of the Credit Union
16	Old Rule 54	Provides that shares are issued on the basis that they can be consolidated or written down on the recommendation of the Board and the authorisation of a Special Resolution	Previously in old Rule 54, but repositioned for clarity. Mirrors a provision of the Act
28	Old Rule 24	(b)Amended to allow voting by proxy 24(c) Removed	The Act has been amended to remove dissolution for Credit Unions, which are instead to be liquidated

Rule Number	Old Rule Description	New Rule Description	Comments
29	Old Rule 25 Board of Directors	Amendments to how the Board operates	To comply with RBNZ Regulations and allows for more flexible meeting procedures
34	Old rule 30 Duties and Powers of the Board of Directors	Board to determine lending and borrowing policies and all share types. General right to establish such Board Committees as the Directors may think fit and delegate its functions	Lending now permitted to Members and entities related to Members, clarification of right of Board to settle the terms of all account types. Directors and Managers no longer required to be Members of CU Institute
	Old Rule 34A The Board may enter into agreements to provide certain electronic services	Nil	Following incorporation, these powers previously reserved to the Board will be assumed by the Credit Union. They are therefore moved to new Rule 5
37	Old Rule 33	Appointment of Secretary	Allows for appointment of a person who is not a Director as the Secretary
44(e)	Nil	Audit Committee to perform such functions as may be delegated to it by the Board	Flexibility in functions and powers of the Audit Committee
45	Nil	Power to the Audit Committee to suspend and Officer or Director or call a SGM.	New clause recommended from Model Rules
49 - 50	Deeds were generally required to be signed by trustees, whose signatures were witnessed	Clarifies how the Credit Union may execute documents and appoint attorneys	These new provisions mirror sections 133A and 133B of the Act
	Old Rule 48 The Supervisor was deemed to be a person claiming through the members under section 112(1) of the Act	Nil	Section 112 of the Act ceases to apply on incorporation. Section 112(1) previously provided that the Credit Union's property vested in the trustees for the benefit of Members and persons claiming through them The right for the Supervisor to claim for the Members set out in the Trust Deed

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62	Old Rule 61	Clarifies situation between Member-Directors and Independent Directors. Provides that a Director or Board Committee member must vacate office if removed from office Covers the role of the RBNZ and the conditions of our licence	Added for the sake of completeness. There may be non-members who are on the Board or a Board Committee and that these persons and other Directors must vacate office on their removal
62		Regulates the way in which loans could be made to Members	Replaced by new Rules 63 to 68
63	Nil	Allows the Credit Union to make loans to Members and Enterprises related to Members	These provisions mirror section 110(1) of the Act
64	Nil	Gives powers to the Board to prescribe loan purposes, securities, maximum loan amounts and to otherwise set the Credit Union's lending policy	The Board is to set the lending parameters (previously this was also a board right in Rules 63(a), (b) and (c))
65	Nil	Sets out that the Board may require loans to be repaid whose membership is terminated	Included to meet the requirements of clause 15 of Schedule 4 to the Act
66 - 68	Nil	Allows the Board to provide products or services to Members, to Enterprises which have loans to the Credit Union and to Enterprises related to a Member	Mirrors the provisions of section 110(2), (3), (4), and (5) of the Act
70	Old Rule 63		Simplifies the payment of Dividends
71 - 73	Old Rules 64-66	Added requirement for Members to provide to the Credit Union all proof of identity required by any applicable legislation	Designed to "future proof" the identity provisions in line with increasing international identity verification obligations Allows greater flexibility in how notices may be given to Members
74-76	Old Rules 67-69	Relates to transfers of engagement	Small wording change to more closely align with the wording of the Act (section 135(2A))

Rule Number	Old Rule Description	New Rule Description	Comments
77 - 78	Old Rules 70 - 71	Allows for the Rules to be amended by Ordinary Resolution of Members	Changed to comply with the Act
79		Updates the handling of Disputes	Updates the processes to comply with the Financial Services Providers (Registration & Dispute Resolution) Act
80	Old Rule 73		Simplifies the Rule to comply with the Act
81	Old Rule 74	Provisions relating to the dissolution of the Credit Union	Dissolution replaced with the liquidation provisions of the Act. See Rule 82
82	Nil	The Credit Union may be put into liquidation by the appointment of a liquidator, made pursuant to a Special Resolution	Mirrors section 137A of the Act
83	On a dissolution surplus assets were to be transferred to another credit union, the Association or applied to charitable purposes, but the process involved 2-step meetings	Where there is a liquidation, the surplus assets (after repayments to all creditors) will be transferred to such Charity or Charities as the Board may determine On certain contingencies the directors can request removal of the Credit Union from the Register	The proposal to transfer to Charity prevents remaining Members receiving a windfall, not available to Members withdrawing earlier Facilitates the removal of the Credit Union from the Register. This can only be done where either the Credit Union has no remaining assets or any remaining assets have been transferred to people/entities entitled to them Added to clarify (as required by section 140(2)(b) of the Act) that the directors are authorised to make such a request of the Registrar