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1st SESSION, 67th GENERAL ASSEMBLY
Province of Prince Edward Island
2 CHARLES III, 2024

(Bill No. 54)

An Act to Amend the Credit Unions Act

Hon. Bloyce Thompson
Minister of Justice and Public Safety and Attorney General

GOVERNMENT BILL

Andrea MacRae
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**For House
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**Prince Edward Island
Legislative Assembly**

AMENDMENTS

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TITLE: An Act to Amend the Credit Unions Act

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COMMITTEE CLERK

CHAIR, IN COMMITTEE



AN ACT TO AMEND THE CREDIT UNIONS ACT

BILL NO. 54

2024

BE IT ENACTED by the Lieutenant Governor and the Legislative Assembly of the Province of Prince Edward Island as follows:

1. **The *Credit Unions Act* R.S.P.E.I. 1988, Cap. C-29.1, is amended in the heading immediately before section 1 by the deletion of the words “PART I” and the substitution of the words “PART 1”.**
2. **Subsection 1(1) of the Act is amended**
 - (a) **by the repeal of clause (i) and the substitution of the following:**
 - (i) “**material contract**” includes a contract under which a credit union
 - (i) employs a person as a full-time employee,
 - (ii) retains the services of a person otherwise than as an employee, or
 - (iii) disposes of or acquires property, whether by sale, purchase, lease or otherwise, for consideration that exceeds \$5,000 in value;
 - (b) **in subclause (l)(i) by the deletion of the words “assistant manager” and the substitution of the words “chief executive officer”; and**
 - (c) **by the addition of the following after clause (w):**
 - (w.1) “**supervisor**” means the Corporation or a person appointed by the Corporation under subsection 171(2) as the supervisor of a credit union;
3. **Clause 2(c) of the Act is amended by the deletion of the words “Part XIX” and the substitution of the words “Part 19”.**
4. **The Act is amended in the heading immediately before section 4 by the deletion of the words “PART II” and the substitution of the words “PART 2”.**

5. Subsections 4(2) and (3) of the Act are repealed and the following substituted:

Requirements

- (2) The subscribers shall submit to the Corporation, in the form and manner required by the Corporation,
- (a) a memorandum of association in accordance with section 5;
 - (b) proposed bylaws in accordance with section 6;
 - (c) the prescribed fees; and
 - (d) any information that the Corporation may require, including viability studies, a proposed business plan and evidence of the eligibility of the subscribers.

Qualifications

- (3) No person may subscribe to the application for the incorporation of a credit union who
- (a) is under the age of 18;
 - (b) lacks capacity to make decisions respecting financial matters and has been found to lack capacity by a court of competent jurisdiction;
 - (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 the conviction has been set aside or reversed on appeal or a pardon has been granted or a record suspension has been ordered in respect of the offence under the *Criminal Records Act* (Canada); or
 - (e) is not resident in the province.

6. Section 5 of the Act is repealed and the following substituted:

5. Memorandum of association

- (1) The individuals referred to in subsection 4(1) shall execute a memorandum of association, in the form and manner required by the registrar, 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;
 - (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; and
 - (d) any other matters which are required under this Act to be dealt with in the memorandum of association.

Other matters

- (2) The memorandum of association may set out provisions permitted by this Act to be set out in the bylaws of the credit union.

7. Section 6 of the Act is repealed and the following substituted:

6. Bylaw provisions

- (1) The subscribers shall execute proposed bylaws, which shall provide for

- (a) qualifications for membership and conditions of and method of applying for and terminating membership in a credit union;
- (b) the location of meetings of members and the procedure and quorum at the meetings;
- (c) members' rights to make, repeal and amend bylaws;
- (d) members' voting rights and the manner of voting, including the right to vote by ballot, mail, telephone, electronic means or other communication facilities;
- (e) the form and effect of voting;
- (f) the election, term of office, removal of and filling of vacancies among directors, committee members and officers, their powers, duties and remuneration, and the procedure and quorum at meetings of the board of directors and of a committee appointed by the directors;
- (g) the division of the territory in which the credit union carries on its business into districts for the purpose of holding district meetings during annual or other meetings of members, the business that may be conducted at district meetings and the procedure and quorum at district meetings; and
- (h) any other matters which are required under this Act or the regulations to be dealt with in the bylaws.

Other matters

- (2) The bylaws of a credit union may provide for matters in addition to those matters referred to in clauses (1)(a) to (h) if the bylaws are not inconsistent with this Act and the regulations.

8. (1) Subsection 7(3) of the Act is amended by the deletion of the words “any such form” and the substitution of the words “the form set out”.

(2) Subsection 7(4) of the Act is amended

- (a) **by the deletion of the words “as hereinafter provided” and the substitution of the words “as provided in this Act”; and**
- (b) **by the deletion of the words “hereinafter set forth and the credit union shall comply with such order” and the substitution of the words “provided in this Act and the credit union shall comply with the order”.**

9. (1) Subsection 8(6) of the Act is repealed and the following substituted:

Certificate of approval

- (6) Upon approval of the application, the Corporation shall
 - (a) attach its certificate of approval to the memorandum of association and bylaws; and
 - (b) forward the certificate, memorandum of association and bylaws to the registrar.

Examination by registrar

- (6.1) The registrar shall, within 30 days of receipt of the documents referred to in clause (6)(b), 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 the Minister's consideration.

- (2) **Subsection 8(7) of the Act is amended by the deletion of the words “thereof in the Gazette, whereupon, as of the date of publication of such notice” and the substitution of the words “of its issuance in the Gazette, and as of the date of publication of the notice”.**
- (3) **Subsection 8(8) of the Act is amended by the deletion of the words “therein mentioned” and the substitution of the words “mentioned in the notice”.**
10. (1) **Subsection 9(1) of the Act is amended by the deletion of the words “in triplicate” and the substitution of the words “, in the form and manner required by the Corporation,”.**
- (2) **Subsection 9(3) of the Act is amended by the deletion of the words “in duplicate”.**
- (3) **Subsection 9(4) of the Act is amended by the deletion of the words “give such approval in writing and give notice thereof” and the substitution of the words “do so in writing and give notice of the Minister’s approval”.**
11. **The Act is amended in the heading immediately before section 11 by the deletion of the words “PART III” and the substitution of the words “PART 3”.**
12. **Section 11 of the Act is amended by the addition of the following after subsection (5):**
- Prior approval of the Corporation**
- (6) A credit union shall not, without the prior approval of the Corporation, establish or acquire a subsidiary.
13. (1) **Subsection 13(3) of the Act is amended by the deletion of the words “he, she or it so” and the substitution of the words “the person or entity”.**
- (2) **Subsection 13(4) of the Act is amended by the deletion of the words “person of unsound mind” and the substitution of the words “person lacking capacity”.**
14. **The Act is amended in the heading immediately before section 16 by the deletion of the words “PART IV” and the substitution of the words “PART 4”.**
15. **The Act is amended in the heading immediately before section 17 by the deletion of the words “PART V” and the substitution of the words “PART 5”.**
16. **Clause 19(4)(b) of the Act is repealed.**
17. **Subsection 21(1) of the Act is repealed and the following substituted:**
21. **Form of records**
- (1) All registers and other records required by this Act to be prepared and maintained may be kept in any form, provided that the record is capable of being reproduced in intelligible written form within a reasonable time.

18. Subsection 22(4) of the Act is repealed and the following substituted:

Disclosure

- (4) Any information referred to in subsection (1) that is received by the registrar may be made available by the registrar to
- (a) the Government;
 - (b) the Government of Canada;
 - (c) the government of a province or territory of Canada;
 - (d) a Crown Corporation, board, commission or agency of a government listed in clauses (a) to (c); and
 - (e) law enforcement agencies.

19. The Act is amended in the heading immediately before section 23 by the deletion of the words “PART VI” and the substitution of the words “PART 6”.

20. The Act is amended by the addition of the following after section 26:

26.1 Audit committee

- (1) The board shall establish an audit committee in accordance with this section and section 26.

Composition of audit committee

- (2) The audit committee shall be composed of
- (a) three or more members of the credit union who are not employees of the credit union; and
 - (b) at least one director of the credit union.

Chairperson

- (3) The audit committee shall be chaired by a committee member who is a director of the credit union.

Duties of audit committee

- (4) The audit committee shall
- (a) review and make recommendations to the board respecting
 - (i) the selection process for the auditor,
 - (ii) the appointment of the auditor, and
 - (iii) the terms of the auditor’s engagement;
 - (b) meet with the auditor before an audit begins to review the scope and terms of engagement with the auditor;
 - (c) review and discuss the auditor’s report, including the auditor’s findings, any restrictions on the scope of the auditor’s work and any issues that the auditor identified in performing the audit;
 - (d) review the audited financial statements of the credit union and any subsidiaries before they are approved by the board under subsection 91(1);
 - (e) review and make recommendations to the board respecting
 - (i) recommendations and reports by the auditors,

- (ii) any letters respecting management from the auditor, and
- (iii) any response by the management of the credit union to letters respecting management from the auditors;
- (f) review the organization and independence of the internal auditor of the credit union, including the internal auditor's goals, work plans and any problems that the internal auditor experienced in performing an audit;
- (g) review any recommendations made by the internal auditor respecting the improvement of accounting and internal control practices and the response made by the management of the credit union to the recommendations;
- (h) monitor adherence by the directors and officers of the credit union to the requirements of section 44;
- (i) review all reports on the affairs of the credit union made by the Corporation, or any report referred to the audit committee by the board and monitor the implementation of recommendations that the audit committee considers significant and report to the board on the progress of the implementation; and
- (j) review or develop policies of the credit union as directed by the board and undertake such other duties as are delegated by the board.

Quarterly report

- (5) The audit committee shall report at least quarterly to the board on all matters in subsection (4).

Records for examination

- (6) The audit committee shall ensure that a full and correct record of all proceedings of the audit committee is made and kept available for examination by the Corporation or any person authorized under this Act to examine the records of a credit union.

21. (1) Subsection 29(1) of the Act is amended

- (a) **in clause (a), by the deletion of the words “eighteen years of age” and the substitution of the words “18 years of age”;**
- (b) **by the repeal of clause (b) and the substitution of the following:**
 - (b) lacks capacity to make decisions respecting financial matters and has been found to lack capacity by a court of competent jurisdiction;
 - (c) **in clause (f), by the deletion of the words “a pardon has been granted in respect of such offence under the *Criminal Records Act* (Canada) R.S.C. 1985, Chap. C-47” and the substitution of the words “a pardon has been granted or a record suspension has been ordered in respect of the offence under the *Criminal Records Act* (Canada)”;** **and**
 - (d) **in clause (j), by the deletion of the word “prescribed” and the substitution of the word “specified”.**
- (2) **Subsection 29(4) of the Act is amended by the deletion of the words “Atlantic Central” and the substitution of the word “Corporation”.**

22. (1) Subsection 30(1) of the Act is repealed and the following substituted:

30. Board meetings

(1) Unless the memorandum of association or bylaws of the credit union require a higher minimum, the board shall hold at least one regular board meeting each quarter in each fiscal year.

(2) **Subsection 30(6) of the Act is repealed and the following substituted:**

Communication

(6) Where all directors consent,

(a) a meeting of the board or of a committee of the board may be held by means of

(i) a telephone system, or

(ii) a communications system other than telephone, that permits all persons participating in the meeting to hear and speak to each other; and

(b) a person so participating is deemed to be present at that meeting.

(3) **Subsection 30(7) of the Act is repealed.**

23. Section 40 of the Act is repealed and the following substituted:

40. Directors and officers

(1) 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;

(b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances;

(c) avoid conflicts of interest;

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

(e) observe strict confidentiality respecting all board reports, records of meetings, related documents and all matters pertaining to them.

Applicable conditions

(2) Clauses (1)(d) and (e) are subject to this Act, another enactment, the regulations and the bylaws of the credit union.

24. Subclause 41(10)(b)(ii) of the Act is amended by the deletion of the words “or inspector or professional person” and the substitution of the words “or the Corporation or a professional person”.

25. The Act is amended by the addition of the following after section 41:

41.1 Duty to report

Where a director becomes aware that the credit union is unable to make a payment that it is required to make, the director shall immediately give written notice of the matter to the Corporation.

26. Subsection 44(1) of the Act is repealed and the following substituted:

44. Material interest – related persons

- (1) A director or an officer shall be deemed to have a material interest in a material contract in which any of the following persons is a party or in which any of them have a material interest:
- (a) the spouse of the director or officer;
 - (b) the parent, child, grandparent, grandchild or sibling of
 - (i) the director or officer, or
 - (ii) the spouse of the director or officer;
 - (c) the spouse of any person referred to in clause (b).

Material interest – other factors

- (1.1) A director or officer shall be deemed to have a material interest in a material contract involving another person where the director or officer is
- (a) a creditor of that person for a debt that is in excess of \$5,000;
 - (b) a guarantor of the debts of that person that are in excess of \$5,000;
 - (c) the owner or beneficial owner of not less than 20% of the issued shares of any class of shares of that person;
 - (d) a partner of that person; or
 - (e) a director or an officer of that person.

27. Section 45 of the Act is amended by the addition of the following after subsection (2):

Officers

- (3) Subject to the memorandum of association and the bylaws of the credit union,
- (a) the board may designate the officers of the credit union, and elect or appoint as officers persons of full capacity, specify their duties and delegate to them powers to manage the business and affairs of the credit union, except powers to
 - (i) submit to the members any question or matter requiring the approval of the members,
 - (ii) fill a vacancy among the directors,
 - (iii) issue or redeem shares, except in the manner and on the terms authorized by the board, or
 - (iv) approve any financial statements referred to in section 90;
 - (b) a director may become an officer of the credit union and may also serve as a member of a committee; and
 - (c) two or more offices of the credit union may be held by the same person.

28. (1) Section 47 of the Act is amended

- (a) **by renumbering it as subsection 47(1); and**
- (b) **in subsection (1), by the deletion of the words “unless such sale” and the substitution of the words “, unless the sale”.**

(2) Section 47 of the Act is amended by the addition of the following after subsection (1):

Statutory declaration required

- (2) An approval shall not be granted under subsection (1) unless the Corporation has received a statutory declaration of a director or an officer of the credit union proposing to sell, lease or exchange its property that establishes to the satisfaction of the Corporation that there are reasonable grounds for believing that
- (a) the sale, lease or exchange of the property will not increase the risk that the credit union would require financial assistance from the Corporation or the risk of a claim against the Corporation;
 - (b) no creditor or member of the credit union will be prejudiced by the sale, lease or exchange of the property; and
 - (c) adequate notice has been given to all known creditors of the credit union and no creditor objects to the sale, lease or exchange of the property except on grounds that are frivolous or vexatious.

Adequate notice

- (3) For the purposes of clause (2)(c), adequate notice is given where
- (a) a notice is published in the Royal Gazette;
 - (b) a notice is published in a newspaper having general circulation in the area in which the credit union has its registered office; and
 - (c) each notice states that the credit union proposes to sell, lease or exchange all or substantially all of its property in accordance with section 47 and that a creditor of the credit union may object to the sale, lease or exchange within 30 days after the date of the notice.

29. The Act is amended in the heading immediately before section 49 by the deletion of the words “PART VII” and the substitution of the words “PART 7”.

30. (1) Subsection 50(2) of the Act is repealed and the following substituted:

Incapacity of member

- (2) Where a member or person claiming through a member of a credit union is by reason of incapacity 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 the member or person only upon the order of the court and in the manner and to the persons as directed by the court.

(2) Subsection 50(4) of the Act is repealed and the following substituted:

Dormant accounts

- (4) In the event that a deposit account contains less than a prescribed amount and no business has been transacted in connection with the account over a prescribed period, the credit union shall be entitled to deal with the account as specified in the regulations.

(3) Subsection 50(6) of the Act is amended

- (a) by the deletion of the words “under the age of majority” and the substitution of the words “under 18 years of age”; and**
- (b) by the deletion of the words “who has attained the age of majority” and the substitution of the words “who is 18 years of age or older”.**

31. Subsection 51(1) of the Act is amended by the deletion of the words “a member and his or her spouse” and the substitution of the words “two or more persons”.

32. Subsection 52(2) of the Act is repealed.

33. (1) Subsections 53(1) and (2) of the Act are repealed and the following substituted:

53. Termination of membership

(1) Membership in a credit union may be terminated, withdrawn or refused in accordance with the bylaws of the credit union.

Decision

- (2) Unless the bylaws of the credit union provide otherwise,
 - (a) the board may by resolution determine circumstances in which the general manager may terminate the membership of a member; and
 - (b) a member may appeal a decision of the general manager pursuant to clause (a) to the board, and the board shall confirm or reverse the decision.

(2) Subsection 53(4) of the Act is repealed.

(3) Subsection 53(5) of the Act is amended by the deletion of the words “ten days notice that his or her” and the substitution of the words “10 days notice that the member’s”.

(4) Subsection 53(8) of the Act is amended by the deletion of the word “thereon” and the substitution of the words “on the shares”.

34. (1) Subsection 56(1) of the Act is repealed and the following substituted:

56. Repayment of member’s interest upon death

- (1) A credit union shall establish a policy, approved by the board, relating to deceased members and their estates, that
 - (a) includes a requirement that a person claiming an entitlement to an amount of money held in a deceased member’s account provide
 - (i) a signed affidavit attesting to the person’s entitlement to receive the amount, and
 - (ii) other information and documentation as required by the credit union;
 - (b) provides that a credit union may refuse to transfer an amount held in a deceased member’s account to the person who is claiming to be entitled until the person claiming entitlement to the money provides the information and documentation required by the credit union; and

- (c) provides that where a credit union pays, in good faith, an amount of money held in a deceased member's account to a person who claims entitlement to it, the payment discharges the credit union with respect to, and to the extent of, the amount paid but does not affect the rights of any other person claiming entitlement to the money to recover the amount from the person to whom it was paid.

(2) Subsections 56(2), (4) and (5) of the Act are repealed.

35. The Act is amended in the heading immediately before section 57 by the deletion of the words "PART VIII" and the substitution of the words "PART 8".

36. Section 58 of the Act is repealed and the following substituted:

58. Place of meetings

General meetings of members shall be held

- (a) at the place in Prince Edward Island specified in the bylaws; or
- (b) in the absence of a provision described in clause (a), at the place in Prince Edward Island that the directors determine.

37. The Act is amended by the addition of the following after section 64:

64.1 Participation in meeting by other means

A credit union may in its bylaws provide that a member of the credit union may participate in a meeting of members by means of telephone, electronic means or other communication facilities that permit all persons participating in the meeting to hear each other, and any member participating in a meeting by those means shall be deemed for the purposes of this Act to be present at the meeting.

38. Subsection 68(2) of the Act is amended by the deletion of the words "PART IX FINANCE and PART XII AMENDMENTS" and the substitution of the words "PART 9 FINANCE and PART 12 AMENDMENTS".

39. Section 69 of the Act is repealed and the following substituted:

69. Voting procedures

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

- (a) members who are not participating in the meeting in accordance with section 64.1 shall vote by a show of hands;
- (b) members who are participating in the meeting in accordance with section 64.1 shall vote in the manner required by the bylaws;
- (c) notwithstanding clauses (a) and (b), the vote shall be done by secret ballot where three members entitled to vote at the meeting demand a secret ballot;
- (d) the chairperson of the meeting has the right to vote, but is not entitled to a second vote in the event of a tie;
- (e) all questions shall be decided by a simple majority vote; and

(f) where there is an equality of votes, the motion shall be declared lost.

40. The Act is amended in the heading immediately before section 71 by the deletion of the words “PART IX” and the substitution of the words “PART 9”.

41. Subsection 74(2) of the Act is amended by the deletion of the words “his or her” and the substitution of the words “the member’s”.

42. Subsection 75(4) of the Act is repealed and the following substituted:

Restrictions

(4) No credit union shall declare or pay a dividend on shares or pay a patronage refund if there are reasonable grounds for believing that

- (a) the credit union is, or would after the payment be, unable to pay its liabilities as they become due;
- (b) the realizable value of the credit union’s assets is, or would after the payment be, less than the aggregate of its liabilities and its equity other than retained earnings; or
- (c) the equity of the credit union is, or would after the payment be, less than that required under section 79.1 and the regulations.

43. Subsection 78(3) of the Act is repealed.

44. The Act is amended by the addition of the following after section 79:

79.1 Equity

(1) A credit union shall maintain equity in accordance with the regulations.

Factors to be included

(2) For the purpose of this section, the equity of a credit union includes

- (a) the value of the consideration paid for all shares issued by the credit union;
- (b) the value of the consideration paid for any other securities issued by the credit union that are
 - (i) not subject to the guarantee of the Corporation, and
 - (ii) not repayable by the credit union within one year, which shall include the amount of any loan by a member of a patronage refund or dividend; and
- (c) the retained surplus or accumulated deficit of a credit union.

Equity policies

(3) A credit union shall establish and adhere to equity policies for the credit union consistent with the regulations governing equity.

45. The Act is amended in the heading immediately before section 83 by the deletion of the words “PART X” and the substitution of the words “PART 10”.

46. Section 86 of the Act is repealed.

47. **The Act is amended in the heading immediately before section 90 by the deletion of the words “PART XI” and the substitution of the words “PART 11”.**
48. **Subsection 90(2.1) of the Act is repealed.**
49. **Subsection 93(4) of the Act is amended by the deletion of the words “his or her” and the substitution of the words “the auditor’s”.**
50. **The Act is amended in the heading immediately before section 104 by the deletion of the words “PART XII” and the substitution of the words “PART 12”.**
51. **Section 106 of the Act is amended by the deletion of the word “inspector” wherever it occurs and the substitution of the word “Corporation”.**
52. **Section 107 of the Act is amended by the deletion of the word “inspector” wherever it occurs and the substitution of the word “Corporation”.**
53. **Section 108 of the Act is amended**
- (a) **by the deletion of the word “inspector” wherever it occurs and the substitution of the word “Corporation”; and**
 - (b) **by the deletion of the words “to the Corporation” and the substitution of the words “to the registrar”.**
54. **Subsection 109(1) of the Act is amended by the deletion of the word “inspector” wherever it occurs and the substitution of the word “Corporation”.**
55. **Section 110 of the Act is amended by the deletion of the words “No inspector or other person” and the substitution of the words “Neither the Corporation nor any person employed by the Corporation”.**
56. **The Act is amended in the heading immediately before section 111 by the deletion of the words “PART XIII” and the substitution of the words “PART 13”.**
57. **Section 111 of the Act is repealed and the following substituted:**
- 111. Registrar**
- (1) The Minister shall designate an employee of the Department as registrar to exercise the powers and functions of the registrar under this Act.
- Deputy registrar**
- (2) The Minister may designate one or more employees of the Department as a deputy registrar who may, subject to the direction of the registrar, exercise the powers and functions of the registrar under this Act.
58. **Clause 112(a) of the Act is amended**
- (a) **by the deletion of the words “his or her” and the substitution of the words “the registrar’s”; and**

- (b) by the deletion of the words “documents and records pertaining thereto” and the substitution of the words “associated documents and records”.

59. Section 115 of the Act is amended

- (a) by the deletion of the word “thereto” and the substitution of the words “to the memorandum”; and
- (b) by the deletion of the word “such” and the substitution of the words “the memorandum”.

60. The Act is amended in the heading immediately before section 119 by the deletion of the words “PART XIV” and the substitution of the words “PART 14”.

61. (1) Section 119 of the Act is amended by renumbering it as subsection 119(1).

(2) Section 119 of the Act is amended by the addition of the following after subsection (1):

Electronic copy

- (2) The Corporation may accept an electronic copy of any documents and information required under subsection (1).

62. The Act is amended in the heading immediately before section 120 by the deletion of the words “PART XV” and the substitution of the words “PART 15”.

63. Section 125 of the Act is amended by the addition of the following after subsection (2):

Amalgamation

- (3) If a credit union is ordered by the Corporation to amalgamate in accordance with this section, the provisions of section 127 and subsection 128(2) do not apply to the credit union which is ordered to amalgamate.

64. Section 127 of the Act is amended by the addition of the following after subsection (2):

Agreement adopted

- (3) An amalgamation agreement is adopted when the members of each amalgamating credit union have approved the amalgamation by a special resolution.

Termination by directors

- (4) An amalgamation agreement may provide that at any time before the issue of a certificate of amalgamation the agreement may be terminated by the directors of any of the amalgamating credit unions.

65. Section 128 of the Act is repealed and the following substituted:

128. Memorandum of association to Corporation and registrar

- (1) Subject to subsection 127(4), after an amalgamation agreement is adopted pursuant to section 127, the amalgamating credit unions shall send a revised memorandum of association to the Corporation for approval.

Statutory declaration contents

- (2) The revised memorandum of association shall have attached a statutory declaration of a director or an officer of each amalgamating credit union that establishes to the satisfaction of the Corporation that
- (a) there are reasonable grounds for believing that
 - (i) each amalgamating credit union is and the amalgamated credit union will be able to pay its liabilities as they become due, and
 - (ii) the realizable value of the assets of the amalgamated credit union upon completion of the amalgamation will not be less than the aggregate of its liabilities and its equity other than retained earnings; and
 - (b) there are reasonable grounds for believing that
 - (i) no creditor or member of the amalgamating credit unions will be prejudiced by the amalgamation, or
 - (ii) adequate notice has been given to all known creditors of the amalgamating credit unions and no creditor objects to the amalgamation except on grounds that are frivolous or vexatious.

Exemption by Corporation

- (3) A credit union may be exempt from the requirements of clause (2)(a) if the Corporation consents to an exemption.

Adequate notice

- (4) For the purpose of subclause (2)(b)(ii), adequate notice is given if
- (a) a written notice is sent to each known creditor having a claim against the credit union in an amount that exceeds \$1,000;
 - (b) a notice is published in the Royal Gazette;
 - (c) a notice is published in a newspaper having general circulation in the area in which each amalgamating credit union has its registered office; and
 - (d) each notice states that the credit union proposes to amalgamate with one or more specified credit unions in accordance with this Act and that a creditor of the credit union may object to the amalgamation within 30 days after the date of the notice.

Certificate of approval

- (5) Where the Corporation is satisfied that the amalgamation is advisable, the Corporation shall attach its certificate of approval to the revised memorandum of association and send each to the registrar.

66. The Act is amended by the addition of the following after section 129:

129.1 Definition, “reorganization”

- (1) In this section, “reorganization” means the reorganization of a credit union in accordance with a court order made under
- (a) the *Bankruptcy and Insolvency Act* (Canada), approving a proposal; or
 - (b) an Act of the Legislative Assembly that affects the rights of the credit union, its members or creditors.

Amendment of memorandum of association

- (2) Where a credit union is subject to a reorganization, its memorandum of association may be amended by an order to effect any change that might lawfully have been made by an amendment under section 120.

Powers of court on reorganization

- (3) Where a reorganization is made, the court may also
- (a) authorize the issue of debt obligations of the credit union and fix the terms of them; and
 - (b) appoint directors in place of or in addition to all or any of the directors then in office.

Amendment sent to Corporation

- (4) After a reorganization has been made, an amendment to the memorandum of association on a form provided by the Corporation shall be sent to the Corporation.

Certificate of approval

- (5) On receipt of an amendment to the memorandum of association under subsection (4), the Corporation shall attach its certificate of approval to the amendment of the memorandum of association and send each to the registrar.

Certificate of amendment

- (6) On receipt of an amendment to the memorandum of association, the registrar shall file the amendment and issue a certificate of amendment to the memorandum of association in accordance with section 146.

Effective date

- (7) A reorganization becomes effective on the date shown in the certificate of amendment and the memorandum of association are amended accordingly.

67. The Act is amended in the heading immediately before section 130 by the deletion of the words “PART XVI” and the substitution of the words “PART 16”.

68. Subsection 132(2) of the Act is amended by the deletion of the words “in triplicate to the Corporation” and the substitution of the words “to the Corporation, in the form and manner required by the Corporation”.

69. Section 133 of the Act is amended

- (a) **in clause (d), by the deletion of the words “signatures thereto” and the substitution of the word “signatures”; and**
- (b) **in clause (f), by the deletion of the word “thereof” and the substitution of the words “of that time”.**

70. The Act is amended in the heading immediately before section 139 by the deletion of the words “PART XVII” and the substitution of the words “PART 17”.

71. Section 139 of the Act is amended by the deletion of the words “his or her” and the substitution of the words “the registrar’s”.

72. Subsection 144(2) of the Act is amended by the deletion of the word “thereto” and the substitution of the words “to it”.

73. (1) Subsection 147(1) of the Act is amended

- (a) in clause (a), by the deletion of the words “his or her” and the substitution of the words “the person’s”; and**
- (b) in clause (b), by the deletion of the words “his or her” and the substitution of the words “the director’s”.**

(2) Subsection 147(3) of the Act is amended by the deletion of the words “he or she” wherever they occur and the substitution of the words “that person”.

(3) Subsection 147(6) of the Act is amended by the deletion of the words “his or her” and the substitution of the words “that person’s”.

74. Section 157 of the Act is amended

(a) by the addition of the following after clause (e):

(e.01) respecting the manner in which a deposit account is to be dealt with for the purpose of subsection 50(4);

(b) by the addition of the following after clause (e.2):

(e.21) respecting the equity to be maintained by a credit union under section 79.1, and the establishment and maintenance of policies governing equity;

75. Section 158 of the Act is repealed and the following substituted:

158. Effect of bylaws

The bylaws of a credit union shall bind the credit union and all members of the credit union and all persons claiming through the bylaws.

76. The Act is amended in the heading immediately before section 159 by the deletion of the words “PART XVIII” and the substitution of the words “PART 18”.

77. The Act is amended in the heading immediately before section 160 by the deletion of the words “PART XIX” and the substitution of the words “PART 19”.

78. Section 162 of the Act is repealed and the following substituted:

162. Board

(1) The board shall consist of the following seven persons appointed by the Lieutenant Governor in Council:

- (a) three members nominated by the Minister;
- (b) three members nominated by the PEI credit unions;
- (c) one member nominated jointly by the Minister and the PEI credit unions.

Failure to agree

- (2) Where the Minister and the PEI credit unions are not able to agree on a nominee under clause (1)(c), the Lieutenant Governor in Council may appoint a person the Lieutenant Governor in Council considers appropriate for the position.

Continuance of current members

- (3) 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 the person's current term of office expires or is sooner terminated by death, resignation or removal for cause.

Term to be specified

- (4) The members of the board shall hold office for the term specified by the Lieutenant Governor in Council in the instrument of appointment.

Vacancy

- (5) 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.

Election of officers

- (6) The board shall elect from among its members a chairperson and vice-chairperson and the other officers it considers necessary.

Minutes, records, etc.

- (7) 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

- (8) The board may appoint an audit committee and any other committees it considers appropriate.

Appointment of chief executive officer

- (9) The board shall appoint a chief executive officer of the Corporation and the Corporation shall appoint any other staff that are necessary to enable the Corporation to discharge its objects.

Executive secretary of board

- (10) The chief executive officer shall serve as the executive secretary of the board, but is not a voting member of the board.

Powers and duties

- (11) Subject to subsection (10), the chief executive officer shall have the powers and duties that the board may specify.

Appointment of auditor

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

Remuneration

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

Fiscal year

- (14) The fiscal year of the Corporation ends on December 31 in each year.

79. Section 163 of the Act is amended

- (a) **by the repeal of clauses (b) and (c) and substitution of the following:**
- (b) to protect deposits in credit unions against impairment arising from financial losses or insolvency, by
 - (i) adopting measures designed to obviate or to minimize the risk and the size of claims against a credit union,
 - (ii) promoting the development and implementation of sound business and financial policies and procedures by credit unions, and
 - (iii) establishing and implementing loss prevention programs and other controls;
- (c) in those circumstances that the Corporation considers appropriate, to assist credit unions by providing financial assistance for the purpose of stabilization or the orderly liquidation of operations;
- (b) **in clause (e), by the deletion of the words “appointed by the Minister” and substitution of the words “authorized by this Act”.**

80. Section 164 of the Act is repealed and the following substituted:

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, take security for the loans and advances and guarantee loans to or deposits with credit unions;
- (b) require the payment of levies by credit unions for the purpose of section 168 and to establish and maintain 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 the winding up of a credit union where the assets of the credit union are insufficient to cover the costs;
- (e) acquire the assets of a credit union from a liquidator or receiver of the credit union;
- (f) make an advance or grant for the purpose of paying lawful claims against a credit union in respect of any claims of its members for withdrawal of deposits, and become subrogated as an unsecured creditor for the amount of the 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 Corporation;
- (h) make or cause to be made the inspections or examinations of credit unions that are authorized under this Act;
- (i) require the chief executive officer and staff of the Corporation to furnish a fidelity bond in the amount determined by the board;
- (j) establish terms, conditions, restrictions and limitations in relation to the lending activities of credit unions and the loan policies to be established by credit unions pursuant to section 87;

- (k) issue directives in relation to sound business and financial practices to be followed by credit unions, including those matters referred to in clause (j);
- (l) require credit unions to make reports and specify the content, frequency and form of those reports;
- (m) enter into an agreement or arrangement with a person relating to
 - (i) the financial assistance that the Corporation considers necessary to meet the requirements of its operations, and
 - (ii) other matters that the Corporation considers appropriate for the attainment of its objects; and
- (n) establish and maintain an account for long-term unclaimed balances for the purposes of subsection 50(4) and the regulations.

164.1 Notification by Corporation to registrar

- (1) The Corporation shall notify the registrar in writing as soon as possible on being notified or discovering any of the following:
 - (a) an occurrence with a credit union that may weaken the stability of the credit union;
 - (b) an occurrence that may weaken the stability of the Credit Union Deposit Insurance Fund;
 - (c) issues of conflict of interest within a credit union or the Corporation;
 - (d) an incident of fraudulent activity within a credit union or the Corporation;
 - (e) any money borrowed 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 pledged as security assets of the Corporation;
 - (f) any agreements or arrangements entered into with a person relating to matters referred to in clause 164(m);
 - (g) any liabilities or assets assumed or purchased by the Corporation on the liquidation or dissolution of a credit union;
 - (h) any terms, conditions, restrictions or limitations established by the Corporation in relation to the lending activities of credit unions and the loan policies to be established by a credit union pursuant to section 87;
 - (i) any assistance, including financial assistance, made available to credit unions for the purpose of stabilization and the terms and conditions relating to that assistance;
 - (j) any assumption of the costs of the winding up of a credit union where the assets of the credit union were insufficient to cover the costs;
 - (k) any increase or decrease in the levies or assessments imposed under section 168.

Request for information

- (2) The registrar may request information from the Corporation in respect of a matter referred to in subsection (1) and the Corporation shall provide the requested information in the form and within the time specified by the registrar.

81. (1) Subsection 168(3) of the Act is amended by the deletion of the word “The” and the substitution of the words “Subject to subsection (4), the”.

(2) Section 168 of the Act is amended by the addition of the following after subsection (3):

Bylaw

- (4) A bylaw of the Corporation under subsection (3) shall be submitted to the Minister for approval prior to adoption.

82. Section 171 of the Act is repealed and the following substituted:

171 Supervision of credit union

- (1) The Corporation may place a credit union under supervision where the Corporation is satisfied that the credit union is carrying on its business in a manner that contravenes this Act or the regulations, or is financially unsound, including those situations where
- (a) the credit union is unable to pay its liabilities as they become due;
 - (b) the realizable value of the assets of the credit union is less than the aggregate of its liabilities and the capital account of all classes of shares of the credit union, other than the equity of members;
 - (c) the credit union has requested and the Corporation has agreed to give it financial assistance;
 - (d) the credit union fails to maintain liquid assets in accordance with subsection 78(2);
 - (e) the credit union fails to maintain equity in accordance with the regulations; or
 - (f) the credit union has failed to comply with a direction given by the Corporation or has failed to file a document or return required under this Act.

Supervisor

- (2) The Corporation or a supervisor appointed by the Corporation shall act as supervisor of a credit union that is placed under supervision under subsection (1).

Notice

- (3) Where the Corporation has placed a credit union under supervision under subsection (1), the Corporation shall notify
- (a) the credit union;
 - (b) the auditor of the credit union;
 - (c) Atlantic Central;
 - (d) the registrar; and
 - (e) the supervisor, where the Corporation has appointed another person under subsection (2) as the supervisor.

Term of supervision

- (4) Where a credit union has been placed under supervision under subsection (1), the credit union remains subject to supervision until
- (a) the supervisor, where a supervisor has been appointed under subsection (2), applies to the Corporation to have the credit union released from supervision, and the Corporation approves the application;
 - (b) the credit union applies in writing to the Corporation and, where a supervisor has been appointed under subsection (2), with notice to the supervisor, to be released from supervision, stating reasons in support of its application, and the Corporation approves the application;

- (c) the Corporation, with notice to the credit union and the supervisor, where a supervisor has been appointed under subsection (2), releases the credit union from supervision; or
- (d) the credit union is liquidated, dissolved or amalgamated.

Powers of supervisor

- (5) Where a credit union has been placed under supervision, the supervisor, with the approval of the Corporation where the supervisor has been appointed under subsection (2), may
 - (a) exercise or direct the exercise of the powers of the credit union and its officers, directors, committee members and employees;
 - (b) inspect the affairs of the credit union and make inquiries of its officers, directors, committee members, employees and members;
 - (c) require the credit union to correct practices that, in the opinion of the supervisor, are contributing to the financial difficulties of the credit union or are likely to contribute to the unsound conduct of its affairs;
 - (d) order the credit union and its officers, directors, committee members and employees to refrain from exercising the powers of the credit union or of the officers, directors, committee members and employees that may be specified in the order, unless approved by the supervisor or the supervisor's authorized agent or employee;
 - (e) order the credit union not to declare or pay any interest or dividends, or to restrict the amount of interest or dividends to be paid to a rate or an amount fixed by the supervisor;
 - (f) carry on, manage and conduct the operations of the credit union, preserve, maintain, realize, dispose of and add to the property of the credit union and receive the incomes and revenues of the credit union;
 - (g) remove the directors of the credit union or its officers, committee members, employees and agents, or all of them, from the property and business of the credit union;
 - (h) appoint interim directors of the credit union; and
 - (i) reorganize, amalgamate, dissolve, wind-up, liquidate or otherwise dispose of the business of the credit union.

Duty of supervisor

- (6) A supervisor shall ensure that the interests of all creditors of a credit union are properly and lawfully provided for.

Report

- (7) A supervisor appointed under subsection (2) may be required by the Corporation to submit to the Corporation a report containing
 - (a) an assessment of the financial condition of the credit union and the nature and circumstances giving rise to the need for supervision;
 - (b) a statement of the course of action proposed by the supervisor in relation to the supervision; and
 - (c) any other information that the Corporation may require.

Accounting

- (8) A supervisor appointed under subsection (2) shall fully account to the Corporation for the supervision of the credit union
 - (a) at any time on the request of the Corporation; and
 - (b) on discharge.

Discharge

- (9) Thirty days after the completion of the supervisor's final accounting pursuant to clause (8)(b), the supervisor is released from all claims by the credit union or any member or creditor of the credit union, other than claims arising out of fraud or dishonesty.

83. Section 172 of the Act is repealed.

- 84. Subsection 173(2) of the Act is amended by the deletion of the words "\$125,000" and the substitution of the words "\$250,000".**

85. Clause 174(1)(c) of the Act is repealed and the following substituted:

- (c) the Corporation has placed the credit union under supervision under subsection 171(1).

- 86. Section 176 of the Act is amended by the deletion of the word "three" and the substitution of the word "four".**

87. Section 177 of the Act is repealed and the following substituted:

177. Indemnity

- (1) No action shall be brought against any member of the board, the Corporation or a person employed by the Corporation, in respect of anything done or omitted in good faith in the exercise of powers or the performance of the duties of the member, the Corporation or the person.

Insurance

- (2) The board may purchase and maintain insurance for the benefit of any person referred to in subsection (1) against any liability incurred by that person in the person's capacity as a member of the board or an officer or employee of the Corporation.

- 88. The Act is amended in the heading immediately before section 251 by the deletion of the words "PART XXI" and the substitution of the words "PART 21".**

CONSEQUENTIAL AMENDMENT

89. Financial Administration Act

- (1) **The *Financial Administration Act* R.S.P.E.I. 1988, Cap. F-9, is amended as provided by this section.**

- (2) **Clause 27(1)(a) of the Act is amended by the deletion of the words "by the Prince Edward Island Credit Union League Limited" and the substitution of the words "by a credit union incorporated or continued under the *Credit Unions Act* R.S.P.E.I. 1988, Cap. C-29.1,".**

- 90. This Act comes into force on a date that may be fixed by proclamation of the Lieutenant Governor in Council.**

EXPLANATORY NOTES

SECTION 1 amends the heading immediately before section 1 of the *Credit Unions Act* R.S.P.E.I. 1988, Cap. C-29.1, to delete the Roman numeral “I” and substitute the standard numeral “1”.

SECTION 2 amends subsection 1(1) of the Act to add new definitions of “material contract” and “supervisor” and to amend the definition of “officer” as specified.

SECTION 3 amends clause 2(c) of the Act to delete the Roman numerals “XIX” and substitute the standard numerals “19” in the reference to the Part.

SECTION 4 amends the heading immediately before section 4 of the Act to delete the Roman numerals “II” and substitute the standard numeral “2”.

SECTION 5 repeals subsection 4(2) and (3) of the Act and substitutes new subsections 4(2) and (3) that clarify and update the wording respecting the requirements for the application for incorporation as a credit union.

SECTION 6 repeals section 5 of the Act and substitutes a new section 5 that clarifies and updates the wording respecting the memorandum of association, and also provides that it may set out provisions permitted by the Act to be set out in the bylaws of a credit union.

SECTION 7 repeals section 6 of the Act and substitutes a new section 6 that clarifies and updates the wording respecting the bylaws of the credit union, specifies in more detail the matters that the bylaws must provide for, and authorizes the bylaws to provide for other matters if they are not inconsistent with the Act and regulations.

SECTION 8 amends subsections 7(3) and (4) of the Act to update and clarify the wording.

SECTION 9 repeals subsection 8(6) of the Act and substitutes new subsections 8(6) and (6.1) to clarify and update the wording. The section also amends subsections 8(7) and (8) of the Act to clarify and update the wording.

SECTION 10 amends subsections 9(1), (3) and (4) of the Act to clarify and update the wording.

SECTION 11 amends the heading immediately before section 11 of the Act to delete the Roman numerals “III” and substitute the standard numeral “3”.

SECTION 12 amends the Act by adding a new subsection 11(6) that prohibits a credit union from establishing or acquiring a subsidiary without the prior approval of the Corporation.

SECTION 13 amends subsections 13(3) and (4) of the Act to substitute gender-neutral wording for gendered wording and to update the wording.

SECTION 14 amends the heading immediately before section 16 of the Act to delete the Roman numerals “IV” and substitute the standard numeral “4”.

SECTION 15 amends the heading immediately before section 17 of the Act to delete the Roman numeral “V” and substitute the standard numeral “5”.

SECTION 16 repeals clause 19(4)(b) of the Act, which is no longer needed. The clause referred to “an inspector”, but the inspector is now an employee of the Corporation, which is covered under clause 19(4)(c).

SECTION 17 repeals subsection 21(1) of the Act and substitutes a new subsection 21(1) to clarify and update the wording.

SECTION 18 repeals subsection 22(4) of the Act and substitutes a new subsection 22(4) to clarify and update the wording.

SECTION 19 amends the heading immediately before section 23 of the Act to delete the Roman numerals “VI” and substitute the standard numeral “6”.

SECTION 20 amends the Act by adding a new section 26.1 that requires the board to establish an audit committee, and sets out the composition and duties of the audit committee.

SECTION 21 amends subsections 29(1) and (4) of the Act to update and clarify the wording.

SECTION 22 repeals subsection 30(1) of the Act and substitutes a new subsection 30(1) that requires the board of a credit union to hold at least one regular board meeting each quarter in each fiscal year unless the memorandum of association or bylaws provide for a higher number of meetings. The section also repeals subsection 30(6) and substitutes a new subsection 30(6) that authorizes electronic participation for meetings of the board or a committee of the board, with the consent of all the directors. The section repeals subsection 30(7), which prohibited electronic participation in a regular board meeting required to be held under subsection 30(1).

SECTION 23 repeals section 40 of the Act and substitutes new subsections 40(1) and (2). Subsection 40(1) lists the duties of directors and officers of a credit union. Subsection 40(2) provides that the duties of confidentiality that are set out in clauses 40(1)(d) and (e) are subject to the Act, another enactment, the regulations and the bylaws of the credit union.

SECTION 24 amends subclause 41(10)(b)(ii) of the Act to update the wording generally and delete the word “inspector” and substitute the word “Corporation”. The inspector is now an employee of the Corporation.

SECTION 25 amends the Act by adding a new section 41.1 that establishes that a director has a duty to give notice to the Corporation where the director becomes aware that the credit union is unable to make a payment that it is required to make.

SECTION 26 repeals subsection 44(1) of the Act and substitutes new subsections 44(1) and (1.1) that establish the circumstances in which a director or officer is deemed to have a material interest in a material contract.

SECTION 27 amends section 45 of the Act by adding a new subsection (3) that authorizes the board of a credit union to designate officers and specify their duties, subject to the limits stated in the subsection.

SECTION 28 amends section 47 of the Act by renumbering it as subsection 47(1), correcting the grammar and adding new subsections (2) and (3) that clarify the process by which the board of a credit union can qualify for the approval of the Corporation under subsection (1) to sell, lease or exchange all or substantially all of the credit union's assets.

SECTION 29 amends the heading immediately before section 49 of the Act to delete the Roman numerals "VII" and substitute the standard numeral "7".

SECTION 30 repeals subsection 50(2) of the Act and substitutes a new subsection 50(2) that establishes the rules that apply where a member or person claiming through a member of the credit union loses capacity to manage the member's or person's affairs. The section also repeals subsection 50(4) and substitutes a new subsection 50(4) that authorizes the credit union to deal with dormant accounts as specified in the regulations. The section also amends subsection 50(6) to update the wording.

SECTION 31 amends subsection 51(1) of the Act to eliminate gendered wording and clarify the application of the subsection.

SECTION 32 repeals subsection 52(2) of the Act. The section no longer serves a purpose since credit union members are not charged assessments, levies, dues and so on.

SECTION 33 repeals subsections 53(1) and (2) of the Act and substitutes new subsections 53(1) and (2) that establish rules respecting the termination of a person's membership in a credit union. The section also repeals subsection 53(4), which is no longer needed, and amends subsections 53(5) and (8) to eliminate gendered and outdated wording.

SECTION 34 repeals subsections 56(1), (2), (4) and (5) of the Act and substitutes a new subsection 56(1) that establishes rules respecting the repayment of a member's interest in the credit union where the member is deceased.

SECTION 35 amends the heading immediately before section 57 of the Act to delete the Roman numerals "VIII" and substitute the standard numeral "8".

SECTION 36 repeals section 58 of the Act and substitutes a new section 58 that establishes rules respecting the location of general meetings of a credit union.

SECTION 37 amends the Act by adding a new section 64.1 that authorizes members to participate in meetings by telephone or other electronic means as specified, and provides that a member participating by those means is deemed to be present at the meeting.

SECTION 38 amends subsection 68(2) of the Act to delete the Roman numerals "IX" and "XII" and substitute the standard numerals "9" and "12" in the references to those Parts.

SECTION 39 repeals section 69 of the Act and substitutes a new section 69 to clarify the rules respecting voting procedures and allow for electronic participation, consistent with the amendment made by section 38 above.

SECTION 40 amends the heading immediately before section 71 of the Act to delete the Roman numerals “IX” and substitute the standard numeral “9”.

SECTION 41 amends subsection 74(2) of the Act to eliminate gendered wording.

SECTION 42 repeals subsection 75(4) of the Act and substitutes a new subsection 75(4) that establishes restrictions as specified on a credit union declaring or paying a dividend on shares or paying a patronage refund.

SECTION 43 repeals subsection 78(3) of the Act. The subsection dealt with supervision of a credit union by the Corporation, and will be set out in greater detail in a new section 171, below.

SECTION 44 amends the Act by adding a new section 79.1 which establishes the rules that apply to the equity of a credit union and the credit union’s obligations respecting it.

SECTION 45 amends the heading immediately before section 83 of the Act to delete the Roman numeral “X” and substitute the standard numerals “10”.

SECTION 46 repeals section 86 of the Act. The section dealt with loans by credit unions for business purposes, a matter which is now dealt with in the loan policies of a credit union under section 87.

SECTION 47 amends the heading immediately before section 90 of the Act to delete the Roman numerals “XI” and substitute the standard numerals “11”.

SECTION 48 repeals subsection 90(2.1) of the Act. The subsection was a transitional measure that is no longer needed.

SECTION 49 amends subsection 93(4) of the Act to eliminate gendered wording.

SECTION 50 amends the heading immediately before section 104 of the Act to delete the Roman numerals “XII” and substitute the standard numerals “12”.

SECTION 51 amends section 106 of the Act to change the word “inspector” to the word “Corporation”, consistent with the amendment made by section 16, above.

SECTION 52 amends section 107 of the Act to change the word “inspector” to the word “Corporation”, consistent with the amendment made by section 16, above.

SECTION 53 amends section 108 of the Act to change the word “inspector” to the word “Corporation”, consistent with the amendment made by section 16, above, and also to change a reference to the Corporation to a reference to the registrar.

SECTION 54 amends section 109 of the Act to change the word “inspector” to the word “Corporation”, consistent with the amendment made by section 16, above.

SECTION 55 amends section 110 of the Act to change “No inspector or other person” to “Neither the Corporation nor any person employed by the Corporation”, for consistency with the above amendments.

SECTION 56 amends the heading immediately before section 111 of the Act to delete the Roman numerals “XIII” and substitute the standard numerals “13”.

SECTION 57 repeals section 111 of the Act and substitutes a new section 111 that authorizes the Minister to designate employees of the Department as registrar and deputy registrar.

SECTION 58 amends clause 112(a) of the Act to eliminate gendered wording and update the wording.

SECTION 59 amends section 115 of the Act to update the wording.

SECTION 60 amends the heading immediately before section 119 of the Act to delete the Roman numerals “XIV” and substitute the standard numerals “14”.

SECTION 61 amends section 119 of the Act by renumbering it as subsection 119(1) and adding a new subsection 119(2) that authorizes the submission of documents electronically.

SECTION 62 amends the heading immediately before section 120 of the Act to delete the Roman numerals “XV” and substitute the standard numerals “15”.

SECTION 63 amends section 125 of the Act by adding a new subsection 125(3) that provides that section 127 and subsection 128(2) do not apply to a credit union that has been ordered to amalgamate by the Corporation.

SECTION 64 amends section 127 of the Act by adding a new subsection (3) that establishes rules for the adoption of an amalgamation agreement, and a new subsection (4) that allows an amalgamation agreement to provide for its own termination at any time before the certificate of amalgamation is issued.

SECTION 65 repeals section 128 and substitutes a new section 128 that establishes the process for amalgamating credit unions to submit a revised memorandum of association to the Corporation for approval.

SECTION 66 amends the Act by adding a new section 129.1 that defines the term “reorganization” with respect to a credit union and establishes the rules respecting the reorganization.

SECTION 67 amends the heading immediately before section 130 of the Act to delete the Roman numerals “XVI” and substitute the standard numerals “16”.

SECTION 68 amends subsection 132(2) of the Act to update and simplify the wording.

SECTION 69 amends section 133 of the Act to update the wording.

SECTION 70 amends the heading immediately before section 139 of the Act to delete the Roman numerals “XVII” and substitute the standard numerals “17”.

SECTION 71 amends section 139 of the Act to eliminate gendered wording.

SECTION 72 amends subsection 144(2) of the Act to update the wording.

SECTION 73 amends section 147 of the Act to eliminate gendered wording.

SECTION 74 amends section 157 of the Act by adding a new clause (e.21) that provides regulation-making authority respecting the equity to be maintained by a credit union, and the establishment and maintenance of policies governing equity.

SECTION 75 repeals section 158 of the Act and substitutes a new section 158 that updates and simplifies the wording.

SECTION 76 amends the heading immediately before section 159 of the Act to delete the Roman numerals “XVIII” and substitute the standard numerals “18”.

SECTION 77 amends the heading immediately before section 160 of the Act to delete the Roman numerals “XIX” and substitute the standard numerals “19”.

SECTION 78 repeals section 162 of the Act and substitutes a new section 162 that establishes the composition of the board of the Corporation and its powers, and continues the membership of the current members.

SECTION 79 amends section 163 of the Act to clarify the objects of the Corporation and its powers to protect deposits in credit unions, as specified, and to assist credit unions in appropriate circumstances.

SECTION 80 repeals section 164 of the Act and substitutes a new section 164 that updates and clarifies the ancillary powers of the Corporation, and a new section 164.1 that requires the Corporation to notify the registrar in the specified circumstances. The Corporation is also required to provide information to the registrar on request on the specified matters.

SECTION 81 amends section 168 of the Act by adding a new subsection 168(4) that requires the corporation to submit a bylaw made by it under subsection (3) to the Minister for approval before it is adopted.

SECTION 82 repeals section 171 of the Act and substitutes a new section 171 that authorizes the Corporation to place a credit union under supervision in specified circumstances. The Corporation is required to provide notice to the specified persons. The section also sets out the powers and duties of the supervisor, who may be the Corporation or a person appointed by the Corporation, and provides rules for the termination of the period of supervision.

SECTION 83 repeals section 172 of the Act. The section provided for matters that are now covered in the new section 171.

SECTION 84 amends subsection 173(2) of the Act to raise the maximum amount of coverage from \$125,000 to \$250,000.

SECTION 85 repeals clause 174(1)(c) of the Act and substitutes a new clause 174(1)(c) that refers to supervision under subsection 171(1).

SECTION 86 amends section 176 of the Act to extend the period within which the Corporation must send the specified documents to the Minister after the end of the fiscal year from three months to four months.

SECTION 87 repeals section 177 of the Act and substitutes a new section 177 that indemnifies the specified persons for their actions done or omitted in good faith. The section also authorizes the board to purchase and maintain insurance for the benefit of the persons indemnified.

SECTION 88 amends the heading immediately before section 251 of the Act to delete the Roman numerals “XXI” and substitute the standard numerals “21”.

SECTION 89 makes a consequential amendment to clause 27(1)(a) of the *Financial Administration Act* R.S.P.E.I. 1988, Cap. F-9, to correct outdated terminology.

SECTION 90 provides for the commencement of the Act.

(Bill No. 54)

An Act to Amend the Credit Unions Act

| <i>STAGE:</i> | <i>DATE:</i> |
|------------------------------|-------------------|
| <i>1st Reading:</i> | February 27, 2024 |
| <i>2nd Reading:</i> | |
| <i>To Committee:</i> | |
| <i>Reported:</i> | |
| <i>3rd Reading and Pass:</i> | |
| <i>Assent:</i> | |

SIGNATURES:

Honourable Antoinette Perry, Lieutenant Governor

Honourable Darlene Compton, Speaker

Joseph Jeffrey, Clerk

Hon. Bloyce Thompson
Minister of Justice and Public Safety and Attorney General

GOVERNMENT BILL

2024
1st SESSION, 67th GENERAL ASSEMBLY