

# RULES OF THE BITCOIN CO-OP

## PART 1 - INTERPRETATION

1. In these Rules:

“**Act**” means the *Cooperative Association Act* of British Columbia from time to time in force and all amendments to it;

“**Association**” means the The Bitcoin Co-op

“**board**” or “**the directors**” mean the directors of the Association for the time being;

“**member**” means a member of the Association;

“**regulation**” means the regulation under the *Cooperative Association Act* as made and amended from time to time;

“**Rules**” means these Rules and all amendments, additions, deletions or replacements from time to time in force and effect;

“**separate resolution**” and “**special resolution**” shall have the meanings assigned them under the Act.

“**poll**” includes electronic votes.

“**present**” includes a member signed into an meeting electronically before the termination of one-quarter of the time span for which the meeting is called, and logged into the networked meeting session at the time(s) of voting.

“**written**” includes delivery of relevant notification over electronic means.

2. Subject to Rule 1, words and expressions defined in the Act as they read on the date these Rules become applicable to the Association apply to these Rules, with the necessary changes, so far as applicable.

3. Words in the singular form include the plural and vice versa and words importing a specific gender include the other gender.

4. If there is a conflict or inconsistency between the Act and the Rules, the Act governs.

## **PART 2 – MEMBERSHIP**

5. Membership in the Association is open in a non-discriminatory manner to individuals and organizations that hold interests in the business of the association and are willing and able to accept the responsibilities of membership.
6. An individual who or an eligible organization that wishes to become a member must submit to the Association a written application for membership in the form provided by the Association for that purpose and payment of the minimum number of membership share(s) required under Rule 8 for membership in the Association.
7. New members must be willing to accept the responsibilities of membership and be at least 16 years of age.
8. Each member must, as a condition of becoming a member, subscribe to a Membership share.
9. The directors, or a person authorized by the directors to approve applications for membership may approve or refuse an application for membership and may postpone consideration of an application for membership.
10. Membership is effective on the day that the application for membership is approved under Rule 9
11. A member may withdraw from membership in the Association by giving written notice to the directors of the member's intention to withdraw
12. In the event of a death of a member, the person entitled to the membership shares or any membership investment shares owned by the deceased person may;
  - (1) If that person is a member,
    - a) request that the directors register the membership share and members investment

- shares in the persons name, or
  - b) apply to the directors to redeem the shares;
- (2) If that person is not a member,
- a) apply under rule 6 for membership in the association in conjunction with a request that the membership share(s) and the membership investment share(s) be registered in his name, or,
  - b) apply to the directors to redeem the membership share and convert the membership investment shares into non-membership investment shares registered in his name, or
  - c) apply to the directors to redeem the shares.

13. The Association may terminate the membership of a member in accordance with the Act if

- (1) the member has engaged in conduct detrimental to the Association,
- (2) the member has not paid money due by the member to the Association within a reasonable time after receiving written notice to do so from the Association, or
- (3) in the opinion of the directors, based on reasonable grounds, the member,
  - a) has breached a material condition of an agreement with the association, and,
  - b) has not rectified the breach within a reasonable time after receiving written notice to do so from the Association.

#### **PART 4 - SHARE STRUCTURE**

14. The capital of the Association consists of membership shares and common, redeemable investment shares as set out in the Memorandum.

15. Dividends or interest shall be paid on membership and investment shares at such times and in such amounts as the directors determine.

16.

- (1) Membership shares shall have the following rights and restrictions:

- a) Membership shares have no par value and may be purchased by members at the price that shall be determined by the directors from time to time.
- b) Holders of membership shares shall be entitled to receive notice of, attend at and vote in person or by proxy at any general meeting of the Association and shall be entitled to one vote only regardless of the number of membership shares held by the member.
- c) Holders of membership shares shall be entitled to a dividend at such times and in such amounts as the directors may in their discretion from time to time determine.
- d) In the event of the dissolution, liquidation or winding-up of the Association or any other distribution of the assets of the Association among its shareholders for the purpose of winding-up its affairs or upon a reduction in capital, subject to the rights of the holders of the common, redeemable investment shares, the holders of the membership shares shall be entitled to receive the remaining property and assets of the company up to the value of their capital contribution.

(2) Common, redeemable investment shares shall have the following special rights and restrictions:

- a) Common, redeemable investment shares have no par value and may be purchased by members or non-members at an issue price to be determined by the directors from time to time.
- b) Holders of common, redeemable investment shares shall not, as such, be entitled to receive notice of, attend at or vote at any general meeting of the Association and shall not have any voting rights save for those specified in Rule 112(1)b nor shall they have any entitlement to nominate or elect directors.
- c) In each year, at the discretion of the directors, dividends may be paid on the common, redeemable investment shares out of all profits or surplus available for dividends.
- d) In the event of the dissolution, liquidation or winding-up of the Association or any other distribution of the assets of the Association among its shareholders for the purpose of winding-up its affairs or upon a reduction in capital the holders of the common, redeemable investment shares shall be entitled to receive rateable

allocations of property and assets of the Association up to the amount of their capital contribution prior to the holders of the membership shares.

## **PART 6 - SHARE CERTIFICATES**

17. The Association must issue certificates in respect of investment shares in accordance with the Act.
18. Each share certificate issued by the Association must be signed manually by at least one director or officer of the Association.
19. If a share certificate is lost, stolen or destroyed, the Association must issue to the member entitled to the lost, stolen or destroyed certificate a new share certificate as a replacement if
  - (1) the Association has no notice that the lost, stolen or destroyed certificate has been acquired by a purchaser for value who entered into the transaction honestly and without notice of any adverse claim, including a claim that a transfer was or would be wrongful,
  - (2) the directors are satisfied that the certificate is lost, stolen or destroyed,
  - (3) the Association receives payment of the reasonable fee, if any, required by the directors for the issue of a replacement certificate, and
  - (4) the Association receives the indemnity, if any, the directors consider appropriate.
20. No certificates shall be issued for membership shares. The register of membership maintained by the Association will be authoritative.
21. In the event a transfer of shares is authorized by the directors, the instrument of transfer of an investment share in the Association must;
  - (1) Be in writing
  - (2) Specify the number of shares being transferred, the amount being paid for each share, the name and address of the transferee and

- (3) Be executed and dated both by the transferor and transferee, or an attorney authorized in writing by the transferor or transferee, as applicable, or if the transferor or transferee is an eligible organization, by a duly authorized director, officer or attorney of the organization.

22. The directors must immediately enter the name of the transferee in the register of investment shareholders or the register of members when, with respect to the transfer of a share,

- (1) The requirements set out in Rule 21 have been met, and
- (2) That certificate has been cancelled.

23. The Association may refuse to register a transfer or acknowledge an assignment of investment shares, dividends or interest affected by a lien established by the Act.

## **PART 8 - TRANSMISSION OF SHARES**

24. The death of a member shall terminate their membership in the Association.

25. Upon the death of a member, the person entitled to the membership shares or any membership investment shares owned by the deceased person, may,

- (1) if that person is a member;
  - (a) request that the directors register the membership share and members' investment shares in the persons name, or
  - (b) apply to the directors to redeem the shares;
- (2) if the person is not a member either
  - (a) apply under Part 2 for membership in the Association in conjunction with a request that the membership share(s) and the membership investment share(s) be registered in his name, or
  - (b) apply to the directors to redeem the shares.

## **PART 9 - REDEMPTION OF SHARES**

26. Subject to the Act, these Rules and the special rights and restrictions attached to any class of shares, the Association may, by a resolution of the directors, redeem any of its shares at the price and on the terms specified by the resolution.

27.

(1) If the Association proposes, at its option, to redeem some but not all of the shares of any class of shares, it must make its offer ratably to every shareholder who holds shares of that class of shares.

(2) A redemption of shares under sub rule (1) must be made on a fair and equitable basis.

28. Subject to the Act, the Association may sell any share redeemed by it, but, while the Association retains the share, the Association must not exercise any vote, or pay or make any dividend or other distribution, in respect of that share.

29. Subject to the Act, if a member withdraws from membership, the period within which the Association must redeem the membership shares of the former member is twelve months from the effective date of the withdrawal.

30. A member is entitled to the nominal value of a membership share on its redemption by the Association under this Part.

## **PART 10 - REGISTER OF MEMBERS AND INVESTMENT SHAREHOLDERS**

31. The Association shall keep and maintain a register of members and a register of investment shareholders in accordance with the Act.

## **PART 11 - GENERAL MEETINGS OF THE ASSOCIATION**

32. A general meeting of the Association must be held once per calendar year. The meeting will be held within four months after the end of the Associations financial year.

33. The directors may call a general meeting when they think fit, and will call a general meeting on receipt of a written requisition on specifically named resolutions signed by,

1. if there are 100 or fewer members, at least 25% of the members
2. if there are more than 100 but fewer than 1000 members the greater of 40 members or 20% of the members,
3. if there are more than 1000 but fewer than 5000 members the greater of 350 members or 18% of the members,
4. if there are more than 5000 members, at least the greater of 650 members or 12% of the members, shall call a general meeting.

Notice calling for such a requisitioned meeting shall be issued within 7 days of receipt of the written requisition.

34.

1. The calling of a general meeting by the directors, either on their own initiative or in response to a requisition by the members, must be in accordance with the Act and these Rules.
2. The requisitioning of a special general meeting by the members must be in accordance with the Act and these Rules.
3. The directors shall determine the order of business at a special general meeting.

35. General meetings must be held at the time and place in British Columbia that the directors specify or, in accordance with the Act, outside British Columbia.

36.

- a) The record date for any general meeting is the 30<sup>th</sup> day before the date of the meeting of members. Only those members whose names are entered on the register of members on the record date are entitled to vote at the general meeting.



37. At least 14 days notice shall be given to members of every annual general meeting, and every meeting at which a special resolution is to be considered.

38. A copy of the financial statement that is to be placed before a general meeting must be provided to the members at least 10 days before the date set for the meeting.

39.

(1) If a special resolution is to be tabled at a general meeting, the notice under Rule 37 of that meeting must include,

(a) the full text of the special resolution, or,

(b) if the full text of the special resolution is too lengthy for convenient inclusion in the notice, a summary of the text in sufficient detail to permit a member to form a reasoned judgment concerning the special resolution.

(2) If a notice under Rule 37 contains a summary of the text of a special resolution, the notice must also state the place where the full text of that special resolution can be read or copied.

40. If a general meeting is adjourned for fewer than 50 days, it is not necessary to give notice of the adjourned meeting other than by announcement at the first meeting that is adjourned, but if a general meeting is adjourned by one or more adjournments for an aggregate of 50 days or more, notice of the adjourned meeting must be given in the same manner as for the original meeting.

41. The notice and financial statement required to be provided to members under this Part must be given in a manner deemed suitable by the directors.

42. A member may participate in a meeting by phone or electronic communications medium.

43. The quorum for the transaction of business at a general meeting is the lesser of 10% of the total number of members or at least 10 members entitled to vote at the meeting either present in person or through an electronic medium pursuant to Rule 42.

44. For every general meeting, the directors shall determine in advance the amount of time for which a meeting shall be considered to be convened. During that time, discussion and voting may take place either in person, by proxy or electronically, pursuant to Rule 42. Votes received electronically shall be considered along with those taken in person or by proxy in the consideration of any resolution. At the end of the time determined by the directors for the conduct of the meeting, the meeting will be concluded, or adjourned to another time and place according to the Act. Quorum may be established in the first 25% of the total time span allotted for a meeting by the directors.
45. Debate and membership votes on any special resolution must be hosted on an electronic network along with provisions for physical attendance at a physical address in British Columbia.
46. If quorum is not established in the first 25% of the total allotted time span of the meeting as laid out in rule 43 then the meeting;
- (1) If convened by requisition of members, must be dissolved, and
  - (2) In any other case, stands adjourned to the same time period in the next calendar week at the same location, with electronic access provided pursuant to Rule 42
47. No business, other than the election of a chair and the adjournment of the meeting, may be transacted at any general meeting unless quorum has been established in the first 25% of the allotted time for the meeting is present for the purposes of the meeting.
48. The only persons entitled to be present at a general meeting are those entitled to vote at that meeting, the auditor of the Association, if any, and others who are entitled or required under any provision of the Act or these rules to be present.
49. A person who is not entitled to be present at a general meeting may be admitted to a meeting only on the invitation of the chair or with the consent of the members at the meeting.

50. The secretary, in meetings where proceedings are not automatically recorded and archived, must take minutes in a form approved by the directors.

## **PART 12 - VOTING AT GENERAL MEETINGS**

51. At a general meeting, every decision must be determined by ordinary resolution unless otherwise required by the Act or these Rules. An ordinary resolution requires the approval of one half of those members voting in order to be passed. Subject to the Act, a special resolution requires the approval of two thirds of those members voting in order to be passed.

52. In case of an equality of votes, the chair shall cast a deciding vote.

53. Unless otherwise provided in these Rules or the Act, every motion for a resolution put to a vote at a general meeting is to be decided;

- (1) for those members present in person or by proxy, on a poll taken of those votes in favour and against the resolution,
- (2) for those members present on an electronic network pursuant to Rule 42 in the manner provided for them.
- (3) by a majority of votes, taking into account all votes submitted in person, by proxy and electronically.

54. A poll demanded on a motion for adjournment or elongation of proceedings must be taken immediately during a meeting.

55. The chair must declare to the general meeting the decision on every motion in accordance with the result of the show of hands and/or the poll, and that decision must be entered in the minutes of the meeting.

56. Unless a poll is required or demanded, a declaration by the chair that a motion has been

carried, or carried unanimously, or by a particular majority, or lost or not carried by a particular majority, and an entry to that effect in the minutes of the general meeting is proof, in the absence of evidence to the contrary, of the fact without proof of the number or proportion of the votes recorded in favour of or against that motion.

57. Each ballot cast on a poll, and each proxy appointing a proxy holder who casts a ballot on a poll

- (1) Must be kept at the registered office and/or server of the Association for 6 months after a general vote of special or regular resolution, and/or general meeting,
- (2) Must be open to inspection during those 6 months at the registered office of the Association during the Association's normal business hours by any member or proxy holder entitled to vote at the meeting from which the ballot and the proxy came, and
- (3) may be destroyed at the end of the 6 month period.

#### **PART 14 - VOTING RIGHTS OF MEMBERS**

58. Subject to the Act and these Rules, every member who is registered as the holder of a membership share is entitled to vote at every general meeting of the Association. A member that is an eligible organization may appoint someone to vote on its behalf.

59. The appointment must be made in a form acceptable to the directors, and must be submitted to the directors at least fourteen days before the meeting at which it takes effect. A person so appointed shall have all the voting rights of the member appointing him or her.

60. Any member whose residence is more than 80 km from the place where a general meeting is being held may vote by proxy, in accordance with the Act.

61. An instrument appointing a proxy may be in the following form or in any other form approved by the directors:

I, ....., of ....., a member of *The Bitcoin Co-op* hereby appoint ..... as my proxy to vote for me and on my behalf:

We the directors of *The Bitcoin Co-op* hereby appoint ..... as our

[Check and complete applicable statement]

at the general meeting to be held on .... / .... / .... [month/day/year], and any adjournment of that meeting, and the person I am appointing is a member of the Association.

at the meeting of investment shareholders to be held on .... / .... / .... [month/day/year], and any adjournment of that meeting.

at the meeting of investment shareholders of Class ..... Shares [indicate class of shares] to be held on .... / .... / .... [month/day/year], and any adjournment of that meeting.

Signature ..... Date .....

[month/day/year]

provided that a proxy must

- (1) be in writing,
- (2) identify the appointing shareholder and the proxy holder,
- (3) identify the meeting in respect of which the proxy is given or the meeting for which the representative is appointed,
- (4) be signed by the appointing member or investment shareholder or an attorney authorized in writing by the appointing member or investment shareholder,
- (5) include the date of the signature referred to in paragraph (4).

62. A proxy together with any other necessary proof of eligibility in a form acceptable to the

directors must be deposited at the registered office of the Association or at any other place specified for the purpose in the notice calling the meeting, at least 10 days, excluding Saturdays and holidays, before the time for holding the meeting in respect of which the person named in the instrument is appointed.

63. A proxy may be revoked by an instrument in writing that is

- (1) signed by the member giving the proxy or by his or her agent, and
- (2) delivered to
  - (a) the registered administrative place of the Association, at any time up to and including the last business day preceding the day of the meeting, or any adjournment of that meeting, at which the proxy is to be exercised, or
  - (b) the chair of the meeting, on the day of the meeting or any adjournment of that meeting before the meeting is called to order.

64. The chair of any meeting may, but need not, inquire into the authority of any person to vote at the meeting and may, but need not, demand from that person evidence of his or her authority to vote.

## **PART 16 – DIRECTORS**

65. The directors must manage the Association in accordance with the responsibilities, duties and powers set out in the Act, the regulation, the memorandum and these rules.

66.

- (1) The Association must have,
  - (a) in accordance with the Act, at least 3 directors,
  - (b) not more than 21 directors, of whom at least a majority shall be members of the Association, and of which up to two may be non-members.

67. The directors in the execution of their duties shall at all times act in good faith and in the best interests of the Association.

68. Subject to the Act, no director shall be liable to the Association or any of its members for monetary damages for breach of fiduciary duty as a director, except for liability arising from

- (1) any breach of the director's duty of loyalty to the Association,
- (2) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law,
- (3) any transaction for which the director derived an improper personal benefit

69. Subject to the Act, the cooperative may indemnify a director or former director, their heirs and personal representatives against all costs, charges and expenses, including any amount paid to settle an action or satisfy a judgment, incurred by them and to which they were made a party by reason of being or having been a director.

#### **PART 17 - ELECTION, APPOINTMENT AND REMOVAL OF DIRECTORS**

70. An election of directors must be held at each annual general meeting to replace those directors whose terms of office have expired or will expire at the end of the meeting. All elections shall be for a 3 year term save that at the first election for directors of the Association, one half of the directors elected shall serve a term of only one year, and one half shall serve a term of two years, with those chosen by a resolution of the directors at their first meeting.

71. A member may nominate a candidate for director either before or at an annual general meeting at which a director is to be elected.

72. If the number of candidates nominated for director is equal to the number of directors to be elected, those nominated candidates are declared elected and elections will not be held.

73. In an election of directors, the chair must declare elected the candidates who received the highest number of valid votes up to the number of directors to be elected .

74. For the election or appointment of a director to be valid, consent of the candidate must be provided in accordance with the Act.

75. Despite any vacancy on the board, the continuing directors

- (1) if and so long as the number of continuing directors constitutes a quorum of the board, may continue to function without filling the vacancy or may appoint a qualified member to fill the vacancy, or
- (2) if the number of continuing directors does not constitute a quorum of the board, the board may appoint directors for the purpose of increasing the number of directors to a quorum to call a general meeting and for no other purposes.

76. A person whose term as director is ending is eligible for re-election or reappointment up until 5 terms.

77. The office of director must be vacated if the director

- (1) holds any other office of profit under this Association, except that of secretary or treasurer
- (2) is absent from 3 consecutive regular meetings of the directors without the consent of the directors;

provided that

- (3) no director must vacate his or her office by reason of his or her being a member of a company which has entered into contracts with or done any work for this Association; but the director must disclose the fact of membership to the other directors, and must not vote in respect of that contract or work, and if he or she does vote his or her vote must not be counted; and
- (4) a director has the right, at all times, to sell or consign for sale to the Association, product grown or produced, services provided and copyrights owned by the director or in which he has an interest.



## **PART 18 - MEETINGS OF DIRECTORS**

78. Subject to the Act and these Rules, the directors must meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they consider appropriate.

79. Meetings of the board must be held at the time and place that the board determines is appropriate.

80.

- (1) At least 4 days notice of a meeting of the directors, specifying the place, date and hour of the meeting, must be given to each director.
- (2) A notice of a meeting of directors must specify the purpose of, or the business to be transacted at, the meeting if the meeting is called to deal with an emergency or any of the following matters:
  - (a) a question or matter requiring approval of the members;
  - (b) filling a vacancy on the board;
  - (c) filling a vacancy in the office of auditor;
  - (d) issuing shares;
  - (e) declaring patronage returns or dividends on shares;
  - (f) redeeming shares issued by the Association;
  - (g) approving a financial statement of the Association;
  - (h) making decisions that by the Act or these Rules are required to be made by a vote of greater than a majority of the directors.
- (3) A notice sent by mail is deemed received on the fourth day, not including Saturday and holidays, after the date of mailing.
- (4) A notice given electronically or by telephone is deemed received when it is delivered.

81. Quorum for meetings of the directors shall be a majority of those currently serving as directors, but at no time shall be fewer than three. If a quorum of directors is present, the directors newly elected at an annual general meeting and the directors whose terms of

office do not expire at the end of that meeting, without notice, may hold a meeting of the board immediately after that general meeting.

82. Board members may participate in a board meeting by telephone, video conferencing or other electronic means of communication and board members attending in such fashion shall be counted as being in attendance for purposes of establishing a quorum, provided that the form of participation allows the board member to participate in discussion of issues, and to register his vote on decisions that arise.

83.

(1) The board may, by resolution, appoint a day or days in any month or months for regular board meetings at the places and times specified by the board.

(2) A copy of the resolution under sub rule (1) must be sent to each director immediately after being passed, and no other notice is required for any regular board meeting, unless the Act or these Rules require that the purpose of the meeting or the business to be transacted at it be specified in a notice.

84. In an emergency, the chairperson may call a meeting of the directors by giving each director at least 48 hours notice of the meeting.

85. Notice of an adjourned meeting of directors is not required if the time and place of the adjourned meeting is announced to the members who participated at the original meeting.

86. There will be a rotating chair and the board of directors will decide on the schedule.

87. Questions arising at any meeting of the directors are to be decided by a majority of votes, unless the Act or these Rules require otherwise and, in the case of an equality of votes, the resolution is defeated.

88. The minutes of the proceedings of the directors must be kept in accordance with the Act.

89. A resolution of the directors may be passed by conference call or electronic network in accordance with the Act and these Rules.

90. A resolution is effective from the date specified in the resolution, but that date must not be before the day on which the last director consents in writing to the resolution.

91. In accordance with s.77(3) of the CAA, decisions by the board may also be made by consent resolution.

## **PART 19 - COMMITTEES OF DIRECTORS**

92. The board may, by resolution, appoint one or more committees consisting of the director or directors and such other members that the board may consider appropriate to exercise the powers delegated by the board to them as authorized by the Act. Any committee so formed, in the exercise of the powers delegated to it, must obtain approval from the board prior to initiating any act or thing, and must

(1) conform to any terms of reference that may from time to time be imposed on it by the directors, and

(2) report every authorized act or thing done in the exercise of those powers to the earliest meeting of the directors held next after the act or thing has been done

93. The board may vary, add to or limit the terms of reference of any committee of directors.

94. The members of a committee of directors may meet and adjourn as they consider appropriate.

95. Unless the board determines otherwise, each committee of directors has the power to fix its quorum at not less than a majority of the committee members.

96. If there is a vacancy on a committee of directors, the remaining committee members may

exercise all the powers of the committee as long as a quorum of the committee remains in office.

97. A committee of directors may elect a chair of its meetings but, if no chair is elected, or if at any meeting the chair is not present within the first 10% or 25 minutes of the total time allotted for the meeting, the directors present who are members of the committee may, by resolution, choose one of their number to chair the meeting.

98. The minutes of all meetings must also be kept on a electronic networked server that allows access to all members and directors.

## **PART 20 - OFFICERS**

99. The board may appoint by resolution officer(s) of the Association from among the directors.

100. Two or more offices of the Association may be held by the same director.

101. Subject to the Act, the board may specify the powers, duties and responsibilities of the officers appointed, and may vary, add to, or limit the powers, duties, and responsibilities of any officer.

102. The board must determine the term of office and the remuneration, if any, of any officer it appoints.

## **PART 21 – INDEMNIFICATION OF DIRECTORS AND OFFICERS**

103. The Association must indemnify the directors and officers in accordance with the Act.

## **PART 22 – FINANCES**

104. The directors may, for the purposes of the Association, on behalf of the Association,
- (1) borrow or raise money in the manner and amount, from any source, on terms and conditions, and
  - (2) issue notes, bonds, debentures and other debt securities, the directors consider appropriate.
105. The directors must cause accounts to be kept in accordance with the Act.
106. The directors must apply surplus funds arising from the operation of the Association in a financial year as follows:
- (1) first to the reserves required for developing the association
  - (2) next, to retire all or a portion of any deficit previously incurred by the Association, as the directors determine is appropriate;
  - (3) last, to patronage returns or dividends as recommended by the directors
107. The Association must not pay any dividends or patronage returns if there are reasonable grounds for believing that
- (1) the Association is unable to pay its liabilities as they become due in the ordinary course of business, or
  - (2) paying the patronage return would
    - (a) render the Association unable to pay its liabilities as they become due in the ordinary course of business, or
    - (b) cause the realizable value of the Association's assets to be less than its liabilities.
- 108.
- (1) The association may allocate among and credit or pay to the members, as a patronage return, all or a part of the surplus arising from the operations of the association in a financial year in proportion to the business done by the members with or through the association in that financial year, calculated in the manner described in subsection (2) at a rate set by the directors.

(2) The directors of the association may calculate the amount of the business done by each member with or through the association in a financial year by taking into account;

a) the quantity, quality, kind and value of things bought, sold, handled, marketed or dealt in by the association,

b) the services rendered

(1) by the association on behalf of or to the member, and

(2) by the member on behalf of or to the association, and

c) differences that are, in the opinion of the directors, appropriate for different classes, grades or qualities of goods and services.

109. The directors must report to each annual general meeting the state of the Association's financial affairs and the amounts, if any, which they recommend to be paid by way of dividend or patronage return.

110. Subject to and in accordance with the Act and the Rules in this Part, the Association may allocate among and credit or pay to the members patronage returns or dividends.

111. The Association may apply any dividend or patronage return credited to a member to the unpaid amount on any membership shares held by that member, or to the purchase of additional membership shares.

### **Part 23 Auditor**

112.

(1) Subject to the provisions of the act, the association may waive the appointment of an auditor;

a) by a special resolution of members, and

b) if the association has issued investment shares, by separate resolutions of investment shareholders of each class of issued investment shares.

(2) A resolution referred to in subsection (1) is effective for one financial year of the association.

113. One or more auditors must be appointed by the Association at its first general meeting, and at every annual general meeting after, but the directors may fill up a casual vacancy in the office of auditor. No director or officer may be appointed or act as auditor. In any year, the appointment of auditor may be waived by a special resolution passed by the general membership.

## **PART 24 - DISPUTE RESOLUTION**

114. A dispute that under the Act may be submitted for arbitration must be referred to an arbitration committee of 3 members of the Association in accordance with this Part.

115.

(1) An arbitration must be commenced in accordance with the Act.

(2) If notice is provided to a director, that director must promptly provide the Association with a copy of the notice.

116. Within 14 days of receipt of a notice, the directors of the Association and the other party must each nominate one member of the Association as a member of the arbitration committee, and the third member must be appointed by the 2 nominated members.

117. Disputes that have arisen between the Association or a director and different parties may be heard in one arbitration if

(1) the disputes are similar, and

(2) all parties agree on the appointment of the arbitration committee and the steps to be taken to consolidate the disputes into the one arbitration.

118.

(1) Subject to these Rules, the arbitration committee may conduct a hearing in the

manner it considers appropriate, but each party must be treated fairly and must be given full opportunity to present its case.

- (2) Each party to the dispute must submit to the arbitration committee a written statement describing the nature of the dispute and a summary of the evidence the party intends to present at the hearing.
- (3) The arbitration committee must hold a hearing as soon as possible at a location that is convenient to both parties.
- (4) The arbitration committee may determine whether the hearing is open to all members of the Association.
- (5) Each party to the dispute must attend the oral hearing, if any, and may be represented by another person including a lawyer.
- (6) If both parties agree, the hearing may consist of an exchange of written statements or any other procedure.

119.

- (1) The arbitration committee may make whatever decision it considers just having regard to the Act, the regulation, the memorandum of the Association, these Rules and the evidence presented by the parties.
- (2) The decision must, including any dissent, be in writing and signed by each member of the arbitration committee.
- (3) Within 4 weeks of the date of the decision, the arbitration committee may vary a decision to correct a clerical or typographical error or omission, or a similar type of error or omission.

120. Parties to an arbitration must bear their own costs.

## **PART 25 - NOTICES**

121. Unless otherwise specified in the Act or these Rules, any notice required to be given to a director, member, or any other person must be in writing and is sufficiently given if it is



delivered by electronic mail to an address provided for that purpose.

122. Unless otherwise specified in the Act or these Rules, any notice required to be given to the Association must be in writing and is sufficiently given if it is sent by electronic mail to an address provided for that purpose.
123. In computing the date when notice must be given under any provision requiring a specified number of days notice of any meeting or other event, the date of giving notice must be excluded and the date of the meeting or other event must be included.
124. The accidental omission to give a notice to, or the non-receipt of a notice by, a member, director, officer, auditor or member of a committee of the board, or an error in a notice that does not affect the substance of it, does not invalidate any action taken at a meeting held in accordance with, or otherwise founded on, that notice.
125. A person who, by operation of law, transfer, death of a member, or any other means, becomes entitled to a share in the Association, is bound by every notice in respect of the share that has been duly given to the member from whom that person derives title to the share before the person's name and address were entered on the register of members or investment shareholders and before the person furnished the Association with the proof of authority or evidence of the person's entitlement.

## **PART 26 - SERVICE OF DOCUMENTS**

126. A notice or other document required by the Act to be served by the Association may be served by electronic means.
127. Service on the Association must be in accordance with the Act.

## **PART 27 - CORPORATE SEAL AND EXECUTION OF INSTRUMENTS**

128. The Association shall not have a seal.

## **PART 28 - RECORDS**

129. Retention of, and entitlement and access to, records of the Association are governed by the Act.

## **PART 29 - ALTERATION OF MEMORANDUM OR RULES**

130. Amendments to the memorandum and Rules of the Association must be in accordance with the Act and these Rules.