

BILL

No. 101

An Act to amend *The Credit Union Act, 1998*

(Assented to)

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows:

Short title

1 This Act may be cited as *The Credit Union Amendment Act, 2009 (No. 2)*.

S.S. 1998, c.C-45.2 amended

2 *The Credit Union Act, 1998* is amended in the manner set forth in this Act.

Section 2 amended

3 **Subsection 2(1) is amended:**

(a) **by adding the following clauses after clause (i):**

“(i.1) **‘capacity’** means, in sections 11 and 102, the ability:

(i) to understand information relevant to making a decision; and

(ii) to appreciate the reasonably foreseeable consequences of making or not making a decision;

“(i.2) **‘chairperson’** means the chairperson of the board or an individual who performs functions for the board similar to those normally performed by a chairperson”;

(b) **by repealing clause (n) and substituting the following:**

“(n) **‘Credit Union Central’** means an entity prescribed in the regulations”;

(c) **by adding the following clause after clause (zz):**

“(zz.1) **‘vice-chairperson’** means the vice-chairperson of the board or an individual who performs functions for the board similar to those normally performed by a vice-chairperson”; **and**

(d) **by repealing clause (aaa).**

Section 11 amended

4(1) **Subsection 11(1) is amended in the portion preceding clause (a) by striking out “Subject to subsection (2)” and substituting “Subject to subsections (2) to (5)”.**

(2) Subsection 11(2) is repealed and the following substituted:

“(2) No person, other than an individual who meets the requirements of this section, may be an incorporator of a credit union.

“(3) No individual may be an incorporator of a credit union:

- (a) unless the individual is 18 years of age or older and has capacity;
- (b) if the individual is an undischarged bankrupt; or
- (c) if the individual:
 - (i) subject to subsection (4), has been convicted of a criminal offence relating to theft, fraud or breach of trust;
 - (ii) has been convicted of an indictable offence pursuant to the *Criminal Code* within the last five years, other than a criminal offence mentioned in subclause (i); or
 - (iii) subject to subsection (5), has been convicted of an offence pursuant to this Act.

“(4) An individual mentioned in subclause (3)(c)(i) may be an incorporator of a credit union if the individual has been pardoned.

“(5) An individual mentioned in subclause (3)(c)(iii) may be an incorporator of a credit union if:

- (a) the conviction was not within the last five years and the individual was not sentenced to a period of imprisonment; or
- (b) it has been more than five years since the completion of any term of imprisonment imposed as a result of a conviction for an offence pursuant to this Act”.

Section 13 amended

5 Subsection 13(2) is amended:

- (a) **by striking out “and” after clause (c);**
- (b) **by adding the following after clause (c):**

“(c.1) subject to the regulations, if the credit union proposes to permit electronic voting by directors or members, the procedures applicable to that voting; and”; **and**
- (c) **in clause (d) by striking out “clauses (a) to (c)” and substituting “clauses (a) to (c.1)”.**

Section 30 amended

6 The following subsection is added after subsection 30(7):

“(8) No person who obtains a basic member list, or any supplemental list, shall use the basic member list, or any supplemental list, for any purpose not mentioned in clause (6)(c)”.

Section 34 amended

7 Clause 34(4)(f) is repealed and the following substituted:

“(f) provide services to:

- (i) its affiliates and entities in which it has a substantial investment;
- (ii) Credit Union Central and any entities in which Credit Union Central has a substantial investment;
- (iii) affiliates of Credit Union Central and any entities in which the affiliates of Credit Union Central have a substantial investment;
- (iv) affiliates of another credit union and any entities in which the affiliates of another credit union have a substantial investment; and
- (v) a financial institution and its affiliates”.

New section 44

8 Section 44 is repealed and the following substituted:

“Restrictions on services and coercive tied-selling

44(1) A credit union shall not provide financial or other products or services that are:

- (a) prohibited by this Act or the regulations; or
- (b) restricted by its articles.

(2) No credit union shall require, impose undue pressure on or coerce a customer or a member of a credit union, as a condition of receiving a product or service, to purchase another product or service from the credit union or any entity described in clause 34(4)(f).

(3) Subsection (2) is not to be construed as preventing a credit union from establishing pricing policies for a product or service, or a group of products or services, that is available to all customers of that product or service or group of products or services”.

Section 69 amended

9(1) Subsections 69(6) and (7) are repealed and the following substituted:

“(6) If the termination of a person’s membership is confirmed pursuant to subsection (3), that person may request that the registrar review the termination in the manner prescribed in the regulations, and the registrar shall confirm or set aside the decision or direct the board to reconsider the matter in accordance with any directions that the registrar considers appropriate”.

(2) Clause 69(9)(b) is amended by striking out “subsection (7)” and substituting “subsection (6)”.

Section 90 amended

10 Subsection 90(1) is amended by striking out “president” and substituting “chairperson”.

Section 102 amended

11 Subsection 102(1) is repealed and the following substituted:

“(1) No person, other than an individual who meets the requirements of this section, may be a director.

“(1.1) No individual is eligible to be a director:

- (a) unless the individual is 18 years of age or older and has capacity;
- (b) if the individual is an undischarged bankrupt;
- (c) if the individual:
 - (i) subject to subsection (1.2), has been convicted of a criminal offence relating to theft, fraud or breach of trust;
 - (ii) has been convicted of an indictable offence pursuant to the *Criminal Code* within the last five years, other than a criminal offence mentioned in subclause (i); or
 - (iii) subject to subsection (1.3), has been convicted of an offence pursuant to this Act;
- (d) in the case of a director elected or appointed by members, if the individual is not a member of the credit union;
- (e) if the individual is an employee of the credit union or of CUDGC;
- (f) if the individual is a professional adviser to the credit union;
- (g) if the individual has failed to comply with Division 6 of Part X; or
- (h) if the individual is prescribed in the regulations, or is a member of any class of individuals prescribed in the regulations.

“(1.2) An individual mentioned in subclause (1.1)(c)(i) is eligible to be a director if the individual has been pardoned.

“(1.3) An individual mentioned in subclause (1.1)(c)(iii) is eligible to be a director if:

- (a) the conviction was not within the last five years and the individual was not sentenced to a period of imprisonment; or
- (b) it has been more than five years since the completion of any term of imprisonment imposed as a result of a conviction for an offence pursuant to this Act”.

Section 103 amended

12(1) Subsection 103(2) is amended in the portion preceding clause (a) by striking out “president” and substituting “chairperson”.

(2) Subsection 103(3) is amended by striking out “president” and substituting “chairperson”.

Section 113 amended

13 Subsection 113(9) is repealed and the following substituted:

“(9) If a director or officer of a credit union fails to disclose his or her interest in a material contract in accordance with this section:

- (a) the contract is not void or voidable for reason of failure to disclose if:
 - (i) a meeting of the credit union is called for the purpose;
 - (ii) the nature and extent of the director’s or officer’s interest in the contract is declared and disclosed in reasonable detail in the notice calling the meeting;
 - (iii) a special resolution of members stating that the contract is fair and reasonable is passed at the meeting called for the purpose; and
 - (iv) the contract is approved by the directors after the requirements set out in subclauses (i) to (iii) have been fulfilled; or
- (b) the court may, on the application of the credit union or a member of the credit union:
 - (i) confirm the contract; or
 - (ii) set aside the contract on any terms that the court considers appropriate.

“(9.1) A credit union or a member of a credit union that makes an application pursuant to clause (9)(b) shall serve a notice of the application:

- (a) on the registrar;
- (b) on CUDGC;
- (c) if the credit union is making the application, on any members of the credit union who are the subject of the application; and
- (d) if a member of the credit union is making the application, on the credit union.

“(9.2) Notwithstanding any action that may have been taken pursuant to clause (9)(a), if a director or officer of a credit union fails to disclose his or her interest in a material contract in accordance with this section, the court may, on the application of the registrar or CUDGC:

- (a) confirm the contract; or
- (b) set aside the contract on any terms that the court considers appropriate.

“(9.3) If the registrar or CUDGC makes an application pursuant to subsection (9.2), the registrar or CUDGC, as the case may be, shall serve a notice of the application:

- (a) on the credit union;
- (b) on any members of the credit union who are the subject of the application;
- (c) if the registrar is making the application, on CUDGC; and
- (d) if CUDGC is making the application, on the registrar”.

Section 119 amended

14(1) Clause 119(1)(a) is repealed and the following substituted:

“(a) a chairperson and a vice-chairperson of the board”.

(2) Subsection 119(2) is amended by striking out “president or vice-president” and substituting “chairperson or vice-chairperson”.

Section 283 amended

15 Subsection 283(1) is amended by striking out “president” and substituting “chairperson”.

Section 440 amended

16 Subsection 440(1) is amended:

(a) by adding the following clause after clause (a):

“(a.1) for the purposes of clause 2(1)(n), prescribing an entity”;

(b) by repealing clause (b);

(c) by adding the following clause before clause (c):

“(b.1) respecting electronic voting by directors and members”;

(d) by adding the following clause after clause (u):

“(u.1) prescribing the manner in which the registrar shall conduct a review for the purposes of subsection 69(9)”; **and**

(e) by repealing clause (cc) and substituting the following:

“(cc) for the purposes of clause 102(1.1)(h), prescribing individuals or a class of individuals who are not eligible to be a director”.

Coming into force

17 This Act comes into force on proclamation.

THIRD SESSION

Twenty-sixth Legislature

SASKATCHEWAN

B I L L

No. 101

An Act to amend *The Credit Union Act, 1998*

Received and read the

First time

Second time

Third time

And passed

Honourable Don Morgan
