

This Annexure A of 59 pages referred to in Form 205 Notification of Resolution

**A**

**SOUTHERN CROSS CREDIT UNION LTD**

***ABN 82 087 650 682***

# **Constitution**

**30 November 2021 Version**

# TABLE OF CONTENTS

<b>PREAMBLE.....</b>	<b>VI</b>
<b>CONSTITUTION.....</b>	<b>8</b>
<b>DIVISION 1. — INTRODUCTORY MATTERS.....</b>	<b>8</b>
1.1 Definitions.....	8
1.2 Interpretation .....	9
1.3 Time .....	10
1.4 Replaceable Rules do not Apply .....	10
1.5 Notices .....	10
<b>DIVISION 2. — OBJECTS &amp; LIMIT ON POWERS.....</b>	<b>12</b>
2.1 Objects .....	12
2.2 Customers Must be Members .....	12
<b>DIVISION 3. — MEMBERSHIP .....</b>	<b>13</b>
3.1 Admission to Membership .....	13
3.2 Delegation of Power to Admit Members .....	13
3.3 Joint Members .....	13
<b>DIVISION 4. — TERMINATION OF MEMBERSHIP.....</b>	<b>15</b>
4.1 Removal of the Member's Name from the Register of Members .....	15
4.2 Member's Request for Termination .....	15
4.3 Termination by the CEO .....	15
4.4 Termination Where Accounts Dormant .....	16
<b>DIVISION 5. — ISSUE OF SHARES .....</b>	<b>17</b>
5.1 Classes of Shares .....	17
5.2 Board Power to Issue Shares .....	17
5.3 Restrictions on Issue of Member Shares .....	17
<b>DIVISION 6. — MUTUAL CAPITAL INSTRUMENTS .....</b>	<b>18</b>
6.1 Share capital from MCIs .....	18
6.2 Issue .....	18
6.3 Rights of MCI holders .....	18
6.4 Registration as holder of MCIs .....	19
<b>DIVISION 7. — CALLS, FORFEITURE AND LIENS.....</b>	<b>20</b>
<b>DIVISION 8. — DIVIDENDS .....</b>	<b>21</b>
8.1 Payment of Dividends .....	21
<b>DIVISION 9. — SHARE CERTIFICATES .....</b>	<b>22</b>
<b>DIVISION 10. — TRANSFER OF SHARES .....</b>	<b>22</b>
<b>DIVISION 11. — TRANSMISSION OF SHARES .....</b>	<b>22</b>
<b>DIVISION 12. — HOLDING MEMBERS' MEETINGS .....</b>	<b>22</b>
12.1 Calling Meetings of Members .....	23

12.2	Meeting of Members.....	23
12.3	Adjourning Meetings of Members.....	23
12.4	Proceedings at Members' Meetings.....	23
<b>DIVISION 13.</b>	<b>— VOTING AT MEMBERS' MEETINGS .....</b>	<b>25</b>
13.1	Voting .....	25
13.2	Voting on a Show of Hands .....	25
13.3	Voting on a Poll .....	25
13.4	Voting by virtual means .....	25
13.5	Body Corporate Representatives .....	26
13.6	Proxies .....	26
13.7	Objections .....	27
<b>DIVISION 14.</b>	<b>— DIRECTORS — APPOINTMENT &amp; VACATION OF OFFICE.....</b>	<b>28</b>
14.1	Number of Directors .....	28
14.2	Eligibility to be a Director .....	28
14.3	Appointment by Members — Election .....	28
14.4	Appointment by Board — Casual Vacancies.....	29
14.5	Term of Office.....	29
14.6	Automatic Vacation of Office .....	30
14.7	Resignation .....	30
14.8	Alternate Directors.....	30
<b>DIVISION 15.</b>	<b>— DIRECTORS' POWERS.....</b>	<b>33</b>
15.1	Powers and Duties of the Board.....	33
15.2	Negotiable Instruments .....	33
15.3	Delegation .....	33
<b>DIVISION 16.</b>	<b>— DIRECTORS' MEETINGS.....</b>	<b>34</b>
16.1	Calling and Conduct of Board Meetings.....	34
16.2	Quorum of Board.....	34
16.3	Chair of Board .....	34
16.4	Passing of Directors' Resolutions.....	34
16.5	Circulating Resolutions.....	34
16.6	Committees of Directors.....	35
<b>DIVISION 17.</b>	<b>— CONFLICTS OF INTEREST.....</b>	<b>36</b>
17.1	Director Not in Breach if Acts in Matters Relating to Director's Interests .....	36
17.2	Director Not in Breach if Does Not Act in Matters Relating to Director's Interests .....	36
17.3	Execution of Instruments.....	37
<b>DIVISION 18.</b>	<b>— REMUNERATION, INDEMNITY AND INSURANCE.....</b>	<b>38</b>
18.1	Remuneration of Directors.....	38
18.2	Travelling Expenses and Insurance .....	38
18.3	Indemnities for Officers and Former Officers .....	38
<b>DIVISION 19.</b>	<b>— ADMINISTRATION.....</b>	<b>39</b>
19.1	Seal .....	39
19.2	Secretary .....	39
19.3	Resignation of Secretary .....	39
<b>APPENDIX 1</b>	<b>— OBJECTS.....</b>	<b>40</b>
A1-1	The <i>credit union</i> has the following objects:.....	40

<b>APPENDIX 2 .....</b>	<b>41</b>
[Note: intentionally left blank].....	41
<b>APPENDIX 3 — SHARES .....</b>	<b>42</b>
<b>MEMBER SHARES .....</b>	<b>42</b>
A3-1 Subscription Price .....	42
A3-2 Rights, Obligations and Restrictions Attaching to Member Shares .....	42
A3-3 Voting Rights.....	42
A3-5 Distribution on Winding-Up .....	43
A3-6 Redemption of Member Shares .....	43
A3-7 Payment for Member Shares by Minors.....	43
A3-8 Transfer of Member Shares .....	44
A3-9 Payment of Unpaid Amounts .....	44
<b>APPENDIX 4 — STANDING ORDERS .....</b>	<b>45</b>
A4-1 Time Limits for Speakers .....	45
A4-2 Amendment.....	45
A4-3 Speakers.....	45
A4-4 Motions to be in Writing .....	45
A4-5 Closure of Debate .....	45
<b>APPENDIX 5 — ELECTION OF DIRECTORS .....</b>	<b>46</b>
<b>DIVISION 1 – NOMINATIONS.....</b>	<b>46</b>
A5-1 Election .....	46
A5-2 Nominations.....	46
A5-3 Proceeding with Election.....	47
<b>DIVISION 2 – BALLOT AT AGM.....</b>	<b>47</b>
A5-4 Application of Division.....	47
A5-5 Appointment of Returning Officers.....	47
A5-6 Appointment of Scrutineer .....	47
A5-7 Ballot Papers.....	47
A5-8 Conduct of Ballot.....	48
A5-9 Closure of the Ballot.....	48
A5-10 Informal Ballot Papers.....	48
A5-11 Destruction of Ballot Papers .....	48
<b>DIVISION 3 – VOTING PROCEDURES .....</b>	<b>48</b>
A5-12 Voting Procedures .....	48
A5-13 Application of Voting Procedures.....	49
<b>DIVISION 4 – AFTER THE BALLOT CLOSES.....</b>	<b>49</b>
A5-14 Procedures After Close of the Ballot.....	49
A5-15 Voting System.....	49
<b>APPENDIX 6 — DEMUTUALISATION PROTECTION RULES.....</b>	<b>50</b>
A6-1 When the Demutualisation Protection Rules Apply.....	50
A6-2 Definitions .....	52
A6-3 Demutualisation Approval Procedure.....	53

A6-4	Approval of Demutualisation .....	54
A6-5	Disclosure Documents Sent With Ballot Paper .....	54
A6-6	Disclosure Statement.....	54
A6-7	Director's Statement.....	56
A6-8	Independent Expert's Report .....	56
A6-9	Appointment of Returning Officer.....	56
A6-10	Roll.....	57
A6-11	Notice of Proposed Postal Ballot.....	57
A6-12	Postponement of Closing Date .....	57
A6-13	Printing of Ballot Papers.....	57
A6-14	Postal Voting Procedures .....	57
A6-15	Distribution of Ballot Papers.....	58
A6-16	Replacement of Ballot Papers.....	58
A6-17	Voting .....	58
A6-18	Appointment of Scrutineers.....	58
A6-19	Scrutiny .....	58
A6-20	Counting of Votes.....	59
A6-21	Entitlement to Reserves.....	59

# Preamble

The **credit union** is a public company limited by shares organised on the basis of the following Principles of Mutuality:

## Principles of Mutuality

### Customers Must be Members

1. Subject to the exceptions in Principles 2 and 3, a credit union may not accept a deposit from, or grant financial accommodation to, a person who is not a member.
2. A credit union may accept deposits from, or grant financial accommodation to, a body that does not have the power to acquire, or that the law prohibits from acquiring, the credit union's shares.
3. A credit union may accept deposits from, or grant financial accommodation to, another ADI.

### Membership and Member Shares

#### *How to become a member*

4. A person can only become a member by subscribing for a member share.

#### *How many member shares a credit union may issue a person*

5. Subject to the exception in Principle 6, a credit union may only issue one member share to any person.
6. A trustee for an unincorporated association may be issued 1 member share in the trustee's own right, and 1 member share as trustee for the unincorporated association.

#### *Consideration paid for membership shares*

7. A credit union may issue member shares as wholly paid or partly paid.
8. A credit union may only issue a member share to a person in return for valuable consideration.
9. The person must provide consideration in cash or, in relation to partly paid member shares, partly or wholly in the form of an obligation to pay cash.

#### *Voting*

10. A member share must confer the right to 1 vote, and only 1 vote, at meetings of the credit union's members.
11. If a holder of a member share is also a holder of an MCI, he or she has no more than one vote at such meetings, regardless of the applicable terms of issue of the MCI.
12. The **credit union** may establish and amend membership and qualification criteria covering the right to exercise a vote attaching to a member share, applicable to any person or class of persons as determined by the board from time to time in its absolute discretion.

#### *Dividends and Surplus*

13. A member share may confer a right to participate in the credit union's profits through payment of dividends.
14. A member share must confer a right to participate in surplus when the credit union is wound up. If the company is wound up, the only people who are allowed to share in any undistributed surplus are current members, a like institution or a charity and, subject to this Constitution and the terms of issue of the MCIs, MCI holders.
15. The **credit union** is intended to be an MCI mutual entity as defined in the Corporations Act. If there are any MCI holders, they may only receive dividends and participate in surplus assets in that capacity to the extent permitted by this Constitution, the Corporations Act, the prudential standards and the terms of issue of the MCIs.
16. If there are any holders of additional shares, they must not participate in, or accrue rights to surpluses in that capacity except by receiving dividends, which cannot exceed a fixed percentage (determined by the board) of the credit union's annual profit after tax in the relevant year, and payable only out of that year's profit.

17. Any participation in profit or surplus must be on equitable terms.

*Redemption and Transfer*

18. A member share must confer on the member a right to redeem the member share on request, subject only to:

- (a) compliance with prudential standards or prudential regulations; and
- (b) any period of notice set out in the credit union's constitution.

19. Subject to the exceptions in Principle 16, member shares may not be transferred.

20. A trustee for an unincorporated association may transfer the member share that the trustee holds on trust for the unincorporated association.

**Additional Shares**

*Definition*

21. All shares issued by a credit union other than member shares are additional shares.

*Issue of additional shares only to members*

22. A credit union may only issue additional shares to a person who has been a member of the credit union continuously for the past 6 months.

*Voting*

23. Subject to the exceptions in Principle 20, an additional share must not confer the right to vote.

24. Additional shares may confer the right to vote, at meetings of the holders of additional shares, on questions affecting the continuing existence of the credit union.

*Dividends and Surplus*

24. An additional share may confer the right to participate in the credit union's profits through payment of dividends.

25. An additional share may confer a right to participate in surplus when the credit union is wound up but only to the extent of:

- (a) repayment of capital paid on the additional shares; and
- (b) payment of arrears of cumulative dividends.

26. The right to participate in profits and surplus conferred by additional shares may be preferred, equal or deferred to the rights conferred by the member shares.

*Redemption and Transfer*

27. An additional share may confer on the holder of the additional share a right to redeem or, subject to Principle 25, to transfer the additional share.

28. The holder of additional shares may only transfer additional shares to a person who has been a member of the credit union continuously for the past 6 months.

**Accumulation of Securities**

29. Accumulation of securities issued by a credit union must be restricted so that no person, or group of associated persons, may exercise a significant degree of influence over the affairs of the credit union.

**Directors**

30. Only a member of a credit union may be a director of the credit union.

These Principles of Mutuality are not binding, except to the extent that the Constitution expressly provides otherwise.

# Constitution

## Division 1. — Introductory Matters

### 1.1 Definitions

In this Constitution, unless the context requires otherwise:

**ADI** means a body corporate that **APRA** has authorised to conduct banking business in Australia under the *Banking Act 1959* (Cth)

**APRA** means the Australian Prudential Regulation Authority

**board** means the board of **directors**

**credit union** means Southern Cross Credit Union Ltd

**deposit** means the placement of money in an account that the **credit union** conducts in the ordinary course of its banking business

**director** means a director for the time being of the **credit union**

**financial accommodation** means:

- (a) an advance;
- (b) money paid for, on behalf of or at the request of a person (other than by drawing on the person's **deposit** account with the **credit union**);
- (c) a forbearance to require payment of money owing on any account; and
- (d) a transaction that, in substance, effects a loan or is regarded by the parties to the transaction as a loan,

that the **credit union** provides or enters in the ordinary course of its banking business

**fit and proper policy** means the board policy as required by Australian Prudential Standard APS 520 issued by APRA or any other prudential standard or law applying from time to time

**general meeting** means a general meeting of the **members**

**material personal interest** has the same meaning as in Part 2D.1 of the *Corporations Law*

**member** means a person whose name the **credit union** has entered for the time being in the Register of Members it keeps under the *Corporations Law*

**member share** means a share as described in Appendix 3 .



**MCI** means a share as described in Division 6.

**MCI holder** means a person who is the holder of an MCI and whose name the *credit union* has entered for the time being in the Register of Members it keeps under the Corporations Act.

**secretary** means a secretary for the time being of the *credit union*

**subscription price** means the amount payable by a person on subscription for a *member share*, with respect to an MCI, the amount payable by a person on subscription for an MCI or, if the MCI was created on conversion of a capital instrument in accordance with prudential standards, the nominal dollar value of that capital instrument prior to conversion into the MCI.

voting MCI holder means an MCI holder who has one vote at a general meeting either because such MCI holder is also the holder of a member share or because the MCI holder has been granted one vote under the terms of issue of the MCIs held

**voting procedures** means the *board* approved procedures for voting by ballot in the election of *directors* described in Appendix 5 clause A5-12

## 1.2 Interpretation

- (1) In this Constitution, unless the context requires otherwise:
- (a) the singular includes the plural and vice versa;
  - (b) where an expression is defined in this Constitution, any other grammatical form of the expression has a corresponding meaning;
  - (c) words and expressions defined in the *Corporations Law* have the same meaning in this Constitution;
  - (d) headings are for purposes of convenience only and do not affect the interpretation of this Constitution;
  - (e) a reference to a statute or regulation includes all amendments, consolidations or replacements of the statute or regulation;
  - (f) a reference to this Constitution or another instrument includes all amendments or replacements of the Constitution or the other instrument; and
  - (g) a reference to a statutory or other body that ceases to exist or the powers and functions of which are transferred to another body includes a reference to the body:

that replaces it; or

to which substantially all the powers and functions relevant to this Constitution are transferred.

- (2) The notes to this Constitution are for purposes of convenience only and do not affect the interpretation of this Constitution. The notes do not form part of this Constitution and may be removed or modified without the credit union complying with the *Corporations Law* requirements that apply to removal or modification of constitutional provisions.

### 1.3 Time

Unless expressly provided otherwise, when this Constitution, or any notice given under this Constitution, states a time or a period of time, the time stated is, or the period of time is calculated by reference to, Standard Time or Summer Time, as the case may be, at the **credit union's** registered office.

### 1.4 Replaceable Rules do not Apply

The replaceable rules in the *Corporations Law* do not apply.

### 1.5 Notices

- (1) This Rule applies to all notices and documents that the *Corporations Law* or this Constitution requires a party to this Constitution to send to another party to this Constitution.
- (2) In this Rule, **business day** means a day that is not:
  - (a) a Saturday or Sunday; or
  - (b) a public holiday or bank holiday in the place where the notice is received.
- (3) A person sending a notice must do so in writing and must address it to the recipient at the following respective addresses:
  - (a) if to the **credit union** — at its registered office or such other address as the **credit union** specifies to **members** from time-to-time; and
  - (b) if to a **member** — at the **member's** address appearing on the Register of Members from time-to-time.
  - (c) if to an **MCI holder** — in any manner permitted by the Corporations Act and any relevant terms of issue of the MCIs; and
  - (d) if to a **director** — at the director's address appearing in the records of the secretary.

**Note:** Subrule 3.3(3) deals with sending notices to joint members.

- (4) A person may send a notice or other document to another person in any of the ways set out in column 2 of the table. The other person receives the notice at the time set out in column 3:

Delivery Method		Time Person Receives Notice
<b>1</b>	<b>Hand delivering the notice personally</b>	The other person receives the notice: <ol style="list-style-type: none"> <li>(i) if hand delivered before 4:00pm on a <b>business day</b> — on that <b>business day</b></li> <li>(ii) if hand delivered after 4:00pm on a <b>business day</b> — on the next <b>business day</b></li> <li>(iii) if hand delivered on a day other than a <b>business day</b> — on the next <b>business day</b></li> </ol>
<b>2</b>	<b>Sending the notice by ordinary post</b>	The other person receives the notice on the third <b>business day</b> after posting unless it is actually delivered earlier

3	<b>Sending the notice by facsimile transmission</b>	<p>The other person receives the notice:</p> <ul style="list-style-type: none"> <li>(i) if sent before 5:00pm on a <b>business day</b> — on that <b>business day</b></li> <li>(ii) if sent after 5:00pm on a <b>business day</b> — on the next <b>business day</b></li> <li>(iii) if sent on a day other than a <b>business day</b> — on the next <b>business day</b></li> </ul> <p>This rule does not apply where the person sending the facsimile has evidence that the transmission was unsuccessful</p>
4	<b>Sending the notice by electronic means</b>	<p>The other person receives the notice:</p> <ul style="list-style-type: none"> <li>(i) if sent before 5:00pm on a <b>business day</b> — on that <b>business day</b></li> <li>(ii) if sent after 5:00pm on a <b>business day</b> — on the next <b>business day</b></li> <li>(iii) if sent on a day other than a <b>business day</b> — on the next <b>business day</b></li> </ul> <p>This rule does not apply where the person sending the notice by electronic means has evidence that the notice did not reach the other person's electronic address</p>

---

## Division 2. — Objects & Limit on Powers

---

### 2.1 Objects

The *credit union* has the objects set out in Appendix 1.

Intention to be an MCI mutual entity

The *credit union* is intended to be an MCI mutual entity for the purposes of the Corporations Act.

### 2.2 Customers Must be Members

The *credit union* may only accept **deposits** from, or provide **financial accommodation** to, its **members**. However, this Rule does not apply to the following persons who are not **members**:

- (a) bodies that do not have the power to acquire, or that the law prohibits from acquiring, the *credit union's* shares; or
- (b) **ADIs**.

## Division 3. — Membership

### 3.1 Admission to Membership

- (1) Subject to any other Rule allowing admission of *members*, the *credit union* may admit a person as a *member* only if the person applies for a *member share*.
- (2) The *board* has an absolute discretion in exercising the *credit union's* power to admit *members* without any obligation to give a reason for not admitting a person as a *member*.
- (3) When the *credit union* admits a person as a *member*, the *credit union* must:
  - (a) issue the *member share* to the person;
  - (b) enter the person's particulars in the Register of Members as required by the *Corporations Law*; and
  - (c) give the person notice that it has admitted the person as a *member*.

### 3.2 Delegation of Power to Admit Members

The *board* may delegate its power to admit *members* to officers of the *credit union*.

### 3.3 Joint Members

- (1) The *credit union* may admit 2 or more persons eligible for admission under Sub rule 3.1(1) as a joint *member* of the *credit union*.
- (2) The persons constituting the joint *member* may determine the order in which their names appear in the Register of Members. If the persons constituting the joint *member* do not do so, the *credit union* may determine the order in which their names appear in the Register of Members.
- (3) The person named first in the Register of Members is the primary joint *member*. The *credit union* may duly send any notice, certificate or other document to the joint *member* by sending it to the primary joint *member*. Only the primary joint *member* is entitled to vote on behalf of the joint *member*.
- (4) At any time, the joint *member* may give the *credit union* a notice requiring the *credit union* to change the primary joint *member* or otherwise change the order in which their names appear in the Register of Members. Each person constituting the joint *member* must sign the notice. The *credit union* must change the Register of Members as soon as practicable after receiving the notice.
- (5) Any person constituting a joint *member* may give an effective receipt for any distribution on winding-up or return of capital in relation to the joint *member's* shares.
- (6) The *credit union* may accept *deposits* from, or provide *financial accommodation* to, the joint *member* or to any person constituting the joint *member*.
- (7) The persons constituting a joint *member* are jointly and individually liable for any liability that the joint *member* may have in relation to the joint *member's* shares.

- (8) In this Constitution, the joint **member** is taken to be a person separate to the persons constituting the joint **member**.

## Division 4. — Termination of Membership

### 4.1 Removal of the Member's Name from the Register of Members

The *credit union* can remove the *member's* name from the Register of Members if:

- (a) the *credit union* redeems the *member's member share* under Rule 4.2, Rule 4.3 or Rule 4.4;
- (b) if the *member* is an individual — the *member*:

dies; or

becomes a bankrupt; or

- (c) if the *member* is a body corporate — the *member* is deregistered or dissolved.

**Note:** Rule 2.2 restricts the *credit union* from accepting further *deposits* from, or providing further *financial accommodation* to, persons who cease to be *members*.

### 4.2 Member's Request for Termination

- (1) A *member* may request termination of membership but only upon withdrawing all *deposits* and repaying all *financial accommodation*.

- (2) If a *member* makes a request under Sub rule (1), the *credit union* must redeem the *member's member share* as soon as practicable after receiving the request. However, the *credit union* may defer redeeming the *member's member share* until the *board* is satisfied that the *member* has withdrawn all *deposits* and repaid all *financial accommodation*.

### 4.3 Termination by the CEO

- (1) The *credit union* may redeem a *member's member share* by CEO resolution if:

- (a) the *member* fails to discharge the *member's* obligations to the *credit union*;
- (b) the *member* is guilty of conduct that the CEO reasonably considers to be detrimental to the *credit union*; or
- (c) the *member* obtains membership by misrepresentation or mistake.

- (2) On redeeming the *member share*, the *credit union* may pay the amount payable on redemption of the *member share* to the *member* by either:

- (a) sending a cheque to the *member's* address as set out in the Register of Members; or
- (b) crediting any of the *member's* accounts with the *credit union*,

at the time the *member share* is redeemed.

#### 4.4 Termination Where Accounts Dormant

- (1) This Rule does not apply to a retirement savings account to the extent that the *Retirement Savings Account Act 1997* (Cth) provides otherwise.
- (2) The **credit union** may:
  - (a) determine that the **member's deposit** accounts are dormant; and
  - (b) redeem the **member's member share**,  
  
if the **member** has not initiated any transactions in relation to any **deposit** account in the 12 month period before the date of the resolution.
- (3) The **credit union** must send notice of the proposed resolution under Subrule (2) to the **member** at the **member's** last known address as shown on the Register of Members at least 28 days before considering the proposed resolution.
- (4) On redemption of the **member share**, the **credit union** must pay the amount payable on redemption of the **member share** into the **member's** account.
- (5) If the **credit union** redeems a person's **member share** under this Rule, the person may require the **credit union** to reinstate the person's **deposit** accounts at any time before the **credit union** pays the money in the **deposit** account in accordance with the relevant unclaimed money legislation. If the person requires the **credit union** to reinstate the person's **deposit** accounts:
  - (a) the **credit union** must reinstate the person's **deposit** accounts as soon as practicable; and
  - (b) if the **credit union** has redeemed the **member's member share** — the **credit union** must issue a **member share** to the person and may debit the **member's deposit** account for the subscription amount.



---

## Division 5. — Issue of Shares

---

### 5.1 Classes of Shares

The *credit union* may only issue *member shares and MCI* shares.

### 5.2 Board Power to Issue Shares

The *board* may exercise the *credit union's* power to issue shares to the exclusion of the *general meeting*.

### 5.3 Restrictions on Issue of Member Shares

- (1) The *credit union* must not issue:
  - (a) options to subscribe for *member shares*;
  - (b) securities that may be converted to *member shares*; or
  - (c) securities with pre-emptive rights to *member shares*.
- (2) The *credit union* may only issue *member shares* in accordance with Sub rule 3.1(3).
- (3) The *credit union* may issue *member shares* with the *subscription price* fully or partly paid in cash, or wholly unpaid.
- (4) The *credit union* may only issue 1 *member share* to any person.

**Note:** The *credit union* can issue a *member share* to a person who already constitutes a *joint member*. See Rule 3.3

---

## Division 6. — Mutual Capital Instruments

---

### 6.1 Share capital from MCIs

- (1) Subject to compliance with the Corporations Act and satisfying the requirements of APRA in prudential standards where applicable, the credit union may raise capital by issuing MCIs or capital instruments convertible into MCIs.
- (2) The credit union may create or issue more MCIs at any time. The creation or issue of more MCIs does not vary the rights attached to MCIs or any other shares that the **credit union** has already issued.

### 6.2 Issue

- (1) The subscription price for an MCI, or a capital instrument convertible to an MCI, will be determined by the **board**.
- (2) Each MCI must be issued as a fully paid up share.
- (3) Any dividends in respect of an MCI are non-cumulative.

### 6.3 Rights of MCI holders

- (1) The terms of issue of an MCI (including any terms, conditions or rights attaching to the MCI) will be determined by the board in its sole discretion, subject to the requirements of this Constitution, the requirements for MCIs in the Corporations Act and any applicable prudential standards.
- (2) Subject to the terms of issue of an MCI, an MCI holder is entitled to a claim on the surplus assets and profits of the credit union in a winding-up of the credit union after all senior claims, including the aggregate subscription price paid for any member shares, have been satisfied and: (a) the MCI holder's claim ranks equally and proportionately with the claims of all other MCI holders and members; and (b) the amount of the MCI holder's claim cannot exceed the subscription price of the MCI.
- (3) Notwithstanding anything to the contrary in this Constitution, but subject to the requirements for MCIs in the Corporations Act, the board may determine that the terms of issue of any MCIs contain such terms and conditions or attach such rights as the board considers necessary or desirable for those MCIs to be eligible for inclusion as regulatory capital under any applicable prudential standards.
- (4) The rights attached to MCIs (or a class of MCIs) may only be varied or cancelled by special resolution of the **credit union** and:
  - (a) by a special resolution passed at a meeting of MCI holders holding MCIs in the relevant class;or
  - (b) with the written consent of MCI holders of at least 75% of the issued MCIs of that class. Any variation of the rights attached to MCIs which constitute Common Equity Tier 1 Capital (as defined by APRA from time to time) of the credit union is subject to the prior written approval of APRA, if the variation may affect the eligibility of such MCIs for inclusion as Common Equity Tier 1 Capital of the credit union.

#### **6.4 Registration as holder of MCIs.**

Except as provided by the rules of a licensed CS facility (as defined in the Corporations Act) which apply in relation to an MCI, a person becomes registered as the MCI holder of that MCI upon entry by the credit union in its Register of Members of the person's particulars in relation to the MCI as required by the Corporations Act.

---

## **Division 7. — Calls, Forfeiture and Liens**

---

Note: Not applicable

---

## **Division 8. — Dividends**

---

### **8.1 Payment of Dividends**

- (1) No Dividend is payable in respect of any share.

---

## **Division 9. — Share Certificates**

---

Note: Not applicable.

---

## **Division 10. — Transfer of Shares**

---

Note: Not applicable.

---

## **Division 11. — Transmission of Shares**

---

Note: Not utilised

## Division 12. — Holding Members' Meetings

### 12.1 Calling Meetings of Members

The **board** may call a **members'** meeting.

### 12.2 Meeting of Members

- (1) The credit union may hold meetings:
  - (a) virtually where all members participate remotely by online, or by other electronic means.
  - (b) 'hybrid' a small physical meeting, linked with online facilities to allow remote participation.
- (2) Meetings must be facilitated and conducted in a way that provides a reasonable opportunity for all members to participate,
- (3) The notice of meeting must provide:
  - how members use the technology to observe, vote, make comments and ask questions
  - how the reasonable opportunity to vote, comment and ask questions will be provided to those participating virtually.

### 12.3 Adjourning Meetings of Members

- (1) The chair of a **members'** meeting at which a quorum is present:
  - (a) may adjourn the meeting with the consent of the meeting by ordinary resolution; and
  - (b) must adjourn the meeting if directed by ordinary resolution.
- (2) The **credit union** must give notice of an adjourned **members'** meeting if the adjournment is for 1 month or more.
- (3) The only business that an adjourned **members'** meeting may deal with is business unfinished at the **members'** meeting that was adjourned.

### 12.4 Proceedings at Members' Meetings

- (1) The quorum for a **members'** meeting is 10 **members** present in person.
- (2) If a quorum is not present within 30 minutes after the time for the **members'** meeting set out in the notice of meeting, the meeting is adjourned to the date, time and place the **board** specifies. If the **board** does not specify 1 or more of those things, the meeting is adjourned to:
  - (a) if the date is not specified — the same day in the next week;
  - (b) if the time is not specified — the same time; and
  - (c) if the place is not specified — the same place.

If no quorum is present at the resumed meeting within 30 minutes after the time for the meeting, the meeting is dissolved.

- (3) The chair of **members'** meetings is:
- (a) the chair of meetings of the **board**; or
  - (b) if the chair of meetings of the **board** is not present or declines to act for the meeting (or part of it) — the deputy chair of meetings of the **board**.

If the chair or deputy chair of meetings of the **board** is not available within 30 minutes of the appointed start of the meeting, or declines to act, the **members** must elect an individual present to chair the meeting.

- (4) The Standing Orders in Appendix 4 apply to the conduct of debate at **members'** meetings.



---

## Division 13. — Voting at Members' Meetings

---

### 13.1 Voting

- (1) A resolution put to the vote at a **members'** meeting must be decided on a show of hands unless a poll is demanded.
- (2) Before a **member's** meeting votes by poll on a resolution, the chair must inform the meeting:
  - (a) how many proxy documents the **credit union** has received that validly appoint a person present at the meeting as proxy;
  - (b) how many of these proxy documents direct the proxies how to vote on the resolution; and
  - (c) how the proxies are directed to vote on the resolution.
  - (d) if the board has determined that **MCI holders** can vote by direct vote on the resolution the number of valid direct votes cast is limited to one vote.
- (3) The **members'** meeting passes an ordinary resolution only if more than half the total number of votes cast on the resolution are in favour of it.
- (4) The chair does not have a casting vote in addition to his or her deliberative vote.

### 13.2 Voting on a Show of Hands

On a show of hands, the chair's declaration is conclusive evidence of the result, so long as the declaration reflects the show of hands. Neither the chair nor the minutes need to state the number or proportion of the votes recorded in favour or against the resolution. The minutes only need to record that the resolution was passed or not passed.

### 13.3 Voting on a Poll

- (1) A poll cannot be demanded on any resolution concerning the election of a person to chair the **members'** meeting.
- (2) A poll on the question of an adjournment must be taken immediately. The chair may direct when and the manner in which any other poll must be taken.
- (3) The **members'** meeting may conduct other business even though a poll is demanded on a resolution.

### 13.4 Voting by virtual means

- (1) Gives all **members'** a reasonable opportunity to participate without being physically present in the same place to cast a vote.
- (2) All persons participating in the meeting are for all purposes taken to be present at the said meeting including to satisfy a quorum.
- (3) Any votes at a meeting must be taken by poll in real time and, where practicable, by recording each vote in advance of the meeting.

- (4) Any votes cannot be taken by show of hands.
- (5) Notice of the meeting are provided by way of electronic communications to all **members** and must include how entitled persons can attend the meeting, participate, vote and speak at meeting.
- (6) Voting via online or other means should be available prior to the meeting for the convenience of **members** who do not otherwise intend to participate.
- (7) A proxy may be appointed using such technology specified in the notice of the meeting.

### 13.5 Body Corporate Representatives

- (1) A **member** that appoints a body corporate representative must give the **credit union**:
  - (a) if the **member** appointed the representative by board resolution — a certified copy of the board resolution appointing the representative; and
  - (b) otherwise — a copy of the instrument appointing the representative, as soon as practicable after appointing the representative, and in any event before any **member's** meeting at which the representative may exercise the **member's** rights.
- (2) In addition to the rights and powers a **member's** representative may exercise under the *Corporations Law*, the representative may exercise the **member's** right to vote in a ballot to appoint **directors** by election.

### 13.6 Proxies

- (1) The **board** may determine the form of proxy document from time-to-time.
- (2) An appointment of a proxy is not invalid merely because it does not contain all the information required for a valid proxy appointment, so long as it contains:
  - (a) the **member's** name; and
  - (b) the proxy's name or the name of the office that the proxy holds.
- (3) A proxy does not have a right to vote on a show of hands.
- (4) If a **member** appoints the chair as the **member's** proxy and directs the chair to vote either in favour of or against the resolution, the chair must demand a poll on the resolution.
- (5) Unless the **credit union** receives written notice of the matter before the meeting at which a proxy votes starts or resumes, the proxy's vote at that meeting will be valid if, before the proxy votes:
  - (a) the appointing **member** dies;
  - (b) the **member** is mentally incapacitated;
  - (c) the **member** revokes the proxy's appointment; or
  - (d) the **member** revokes the authority under which the proxy was appointed by a third party.

### 13.7 Objections

An objection to the qualification of a voter:

- (a) may only be made at the **members'** meeting or adjourned **members'** meeting at which the vote objected to is cast; and
- (b) must be ruled upon by the chair whose decision is final.

---

## Division 14. — Directors — Appointment & Vacation of Office

---

### 14.1 Number of Directors

- (1) The **credit union** must have at least 5 **directors** comprising of:
- (a) such number of **directors** appointed under Rule 14.3 or Rule 14.4 as determined by the **board** from time to time; and
  - (b) up to two **director** appointed under Sub rule (2).
- (2) In addition to **directors** appointed under Rule 14.3 or Rule 14.4, the **board** may appoint:
- (a) the Chief Executive Officer of the **credit union** as a **director** for a term of office that ends when the person ceases to be Chief Executive Officer or such earlier date as set by the **board** in the terms of appointment; and
  - (b) up to one person who is not an employee of the **credit union** as a **director** for a term of office that ends 3 years after appointment or such earlier date as set by the **board** in the terms of appointment.

### 14.2 Eligibility to be a Director

- (1) An individual is eligible to be a **director** if the person:
- (a) is a **member**, and
  - (b) has been a member continuously for at least 3 months prior to the date of holding the election and ,
  - (c) has not had a personal representative or trustee appointed to administer the person's estate, or property because of their mental incapacity; and
  - (d) is not a minor; and
  - (e) is not disqualified or prevented by law from being, or acting as, a **director** and provides the **credit union** with all information and consents that the **credit union** reasonably requests to determine if the person is disqualified or prevented by law from being a **director**, and
  - (f) other than for a **director** appointed under Rule 14.1(2)(a), is not an employee of the **credit union**; and
  - (g) is fit and proper to become a **director** under the terms of the fit and proper policy.”

### 14.3 Appointment by Members — Election

- (1) The **members** may appoint a person to be a **director** by election held under the provisions of Appendix 5.

#### 14.4 Appointment by Board — Casual Vacancies

- (1) The **board** may appoint a person to be a **director**:
- (a) if a **director's** office becomes vacant other than because the **director's** term of office has ended; or
  - (b) if, for any other reason, the number of **directors** is less than the number set under Rule 14.1(1)(a).

The **board** may only appoint a person who is eligible to be a **director** under Rule 14.2 however the requirement to be a member for 3 months under rule 13.2.1 (b) does not apply to a Board appointment under Rule 13.4..

- (2) The term of office for a **director** appointed to fill a vacancy in paragraph (1)(a) ends:
- (a) if the **general meeting** approves the appointment before the end of the next AGM after the **director's** appointment — at the end of the term of office of the **director** whose office has become vacant; and
  - (b) otherwise — at the end of the next AGM after the **director's** appointment.
- (3) The term of office for a **director** appointed to fill a vacancy in paragraph (1)(b) ends at the end of the next AGM after the **director's** appointment.

#### 14.5 Term of Office

- (1) Subject to the *Corporations Law* and the rotation provisions in this Rule, a **director's** term of office:
- (a) starts at the end of the AGM at which the **director's** election is announced; and
  - (b) ends at the end of the third AGM after the AGM at which the **director's** election is announced.
- (2) If the number of **directors** that **members** appoint is more than a third of the number of **directors** set under Rule 14.1(1)(a):
- (a) the term of office for the third of the number set under Rule 14.1(1)(a) that receives the most votes at the election, ends at the end of the third AGM after the AGM at which the **directors'** election is announced; and
  - (b) the term of office for the remainder ends at the end of earlier AGMs where less than a third of the **board** is due to retire at those earlier AGMs.

**Directors** with less votes retire at earlier AGMs than those with more votes.

- (3) For purposes of Subrule (2):
- (a) if the number of **directors** set under Rule 14.1(1)(a) is not divisible by 3 — round fractions up to the nearest whole number in determining how many **directors** there are in a third or in two thirds of that number; and

- (b) if 2 or more **directors** have the same number of votes — the order of retirement amongst them is determined by lot.

#### 14.6 Automatic Vacation of Office

The office of a **director** automatically becomes vacant if the **director**:

- (a) dies;
- (b) is absent from 3 consecutive ordinary meetings of the **board** without leave;
- (c) ceases to be eligible to be a **director** under any of paragraphs (a) to (e) of Rule 13.2; or
- (e) is 3 months in arrears in relation to money due to the **credit union** and has failed to make arrangements for payment satisfactory to the **credit union**.

Neither the **board** nor the **general meeting** may waive the operation of this Rule.

#### 14.7 Resignation

- (1) A **director** may resign by giving the **credit union** notice of the **director's** resignation.
- a) A **director** or the **credit union** must notify ASIC of the resignation within the 28-day period, after the day the director stopped being a director, by providing a resignation letter; or
- b) Otherwise on the day that written notice is lodged with ASIC stating the person has stopped being a director.
- c) The resignation only takes effect once the written notice is given to ASIC.
- d) Should the 28-day deadline be missed, the **credit union** can apply to ASIC or the Court for effective resignation date to be fixed to the date that the person ceased their role as a **director**.
- e) Any applications to fix a resignation date must be made to ASIC within 56 days after the date the person ceased to be a **director**.
- (2) The **director's** office becomes vacant:
- (a) if the notice of resignation specifies a date of resignation — on the date of resignation; or
- (b) otherwise — on the date the **credit union** receives the notice of resignation.

#### 14.8 Alternate Directors

- (1) In this Rule, unless the context requires otherwise:

**alternate** means a person that a **director** appoints as his or her alternate **director** under Subrule (2), but only in the person's capacity as the alternate **director**.

**appointor** means the **director** who appoints an **alternate** under Subrule (2)

- (2) A person is eligible to be an **alternate** for a **director** if the person:
- (a) is eligible to be a **director** under Rule 14.2;
- (b) is not a **director**; and
- (c) is not an **alternate** for another **director**.

- (3) A **director** (but not an **alternate**) may give the **credit union** a notice appointing a person eligible under Subrule (2) to be his or her **alternate**. The notice must set out:
- (a) the name of the person to be appointed as **alternate**;
  - (b) the term of the **alternate's** appointment (or that the appointment is for an indefinite term);
  - (c) whether or not the **appointor** requires the **credit union** to give notices of **board** meetings to the **alternate**;
  - (d) whether or not the **alternate** can sign circulating resolutions instead of the **appointor**.

The notice of appointment only takes effect if the **board** approves the **alternate's** appointment.

- (4) The **alternate** is not the **appointor's** agent, but a **director** of the **credit union**. The **alternate** has all the duties, powers and rights of the **appointor** as a **director**. Except to the extent that this Rule provides otherwise, all references to **directors** in this Constitution include references to the **alternate**.
- (5) The **credit union** only has to give notice of **board** meetings to the **alternate** if the **appointor** has given the **credit union** a notice requiring it to do so.

**Note:** See Rule 16.1 in relation to notice of **board** meetings.

- (6) The **alternate** may only be present at meetings of **directors** at which the **appointor** is absent. The **alternate**:
- (a) may be present and may vote on a matter even though the **appointor** has a **material personal interest** in the matter; and
  - (b) does not breach his or her duties to the **credit union** by reason of any matter considered or voted on at a meeting at which the **alternate** was absent because the **appointor** was present.

**Note:** See Rule 16.2 in relation to quorum at a **board** meeting. See Rule 16.4 in relation to voting on resolutions at **board** meetings. See Rule 17.2 in relation to **directors** not being present or voting on matters in relation to which they have a **material personal interest**.

- (7) The reference to 'all **directors**' in Rule 16.5 refers to:
- (a) if the **appointor** notifies the **credit union** that the **alternate** can sign circulating resolutions instead of the **appointor** — the **alternate** and other **directors** but not the **appointor**;
  - (b) otherwise — the **appointor** and other **directors** but not the **alternate**.
- (8) The **credit union** must not provide remuneration to the **alternate** (in his or her capacity as **alternate**) except out of remuneration that it has allocated to the **appointor**. The **alternate** has no right to remuneration against the **credit union**. This does not affect any right to remuneration that the **alternate** may have against the **appointor**.

**Note:** See Rule 18.1 in relation to remuneration of **directors**.

- (9) The **alternate's** office automatically becomes vacant if:
- (a) the **appointor** revokes the **alternate's** appointment; or

- (b) the **appointor's** office as a **director** becomes vacant (except where the **appointor's** term as a director ends at the end of an AGM under Rule 14.5 and the **members** re-elect the **appointor** as a **director** at that AGM).

The **alternate's** office may also become vacant in the circumstances set out in Rule 14.6 and Rule 14.7.



---

## Division 15. — Directors' Powers

---

### 15.1 Powers and Duties of the Board

The **board**:

- (a) manages the **credit union's** business; and
- (b) may exercise all the powers of the **credit union** except any powers that the *Corporations Law* or this Constitution expressly allocates to the **general meeting**.

### 15.2 Negotiable Instruments

The **board** may authorise a person or persons to sign, draw, accept, endorse or otherwise execute negotiable instruments for the **credit union**. The **board** may authorise the application of signatures to negotiable instruments by machine or other facsimile method.

### 15.3 Delegation

- (1) The **board** may delegate any of its powers to any committee or any other person or persons.
- (2) The **board** must establish policies for the guidance of delegates in the exercise of any powers so delegated.
- (3) Without limiting its powers, the **board** may appoint a person to be the **credit union's** attorney for purposes, with powers (being the **board's** powers), for the period and on terms the **board** determines. In particular, the power of attorney may:
  - (a) include terms protecting persons dealing with the attorney, as the **board** determines; and
  - (b) authorise the attorney to delegate any or all of the attorney's powers.

## Division 16. — Directors' Meetings

### 16.1 Calling and Conduct of Board Meetings

- (1) A **director** or the secretary (upon the authority of a **director**) may call a **board** meeting by giving reasonable notice to every other **director**.
- (2) The **board** may meet, adjourn and otherwise regulate its meetings as it thinks fit.

### 16.2 Quorum of Board

- (1) The quorum for a **board** meeting is one half the number of **directors** or such other number as the **board** determines and the quorum must be present at all times during the meeting.
- (2) If, at any time, the number of **directors** is less than the quorum:
  - (a) the **board** may meet only for the purpose of filling any casual vacancies or for calling a general meeting of **members**; and
  - (b) the **board** may conduct business by circulating resolution under Rule 16.5.

### 16.3 Chair of Board

- (1) The **board** may appoint a **director** to chair its meetings. The **board** may determine the period for which the **director** is to be the chair. The **board** may remove the chair from the position of chair at any time.
- (2) The **board** must elect a **director** present to chair a meeting (or part of it) if:
  - (a) a **director** has not already been appointed to chair the meeting; or
  - (b) a previously appointed chair is not available, or declines to act, for the meeting (or part of it).

### 16.4 Passing of Directors' Resolutions

- (1) A resolution of the **board** must be passed by a majority of the votes cast by **directors** entitled to vote on the resolution.
- (2) The chair has a casting vote in addition to his or her deliberative vote.

### 16.5 Circulating Resolutions

- (1) The **board** may pass a resolution without a **board** meeting if a majority of the Eligible Directors either:
  - (a) sign a document containing a statement that they are in favour of the resolution set out in the document; or
  - (b) provide the **credit union** with written approval of a resolution in such form and by such method as approved by the **board** from time to time, which may include by electronic means.
- (2) The **directors** may:

- (a) sign separate copies of a document;
- (b) provide written approval in a form or by a method that differs from that provided by other **directors**,

so long as the wording of the resolution signed or approved is identical.

- (3) The resolution is passed when a majority of the Eligible Directors have signed or given approval.
- (4) In this Rule:

Eligible Director means a **director** who:

- (a) is entitled to vote on the resolution; and
- (b) is not on **board** approved leave of absence.

## 16.6 Committees of Directors

- (1) The **board** may establish one or more committees consisting of such number of **directors** as the **board** thinks fit.
- (2) The members of a committee may appoint one of their number as chair of their meetings.
- (3) Subject to any restrictions that the **board** imposes, a committee may meet, adjourn and otherwise regulate its meetings as it thinks fit.
- (4) Questions arising at a meeting of a committee are to be determined by a majority of votes of those present and voting.
- (5) The chair does not have a casting vote in addition to his or her deliberative vote.

## Division 17. — Conflicts of Interest

### 17.1 Director Not in Breach if Acts in Matters Relating to Director's Interests

- (1) This Rule applies if:
- (a) a **director** has an interest or duty in relation to a matter that is not a **material personal interest**; or
  - (b) if a **director** with a **material personal interest** in relation to the **credit union's** affairs:
 

complies with the requirements of the *Corporations Law* in relation to disclosure of the nature and extent of the interest and its relation to the **credit unions** affairs before acting in a matter that relates to the interest; and may be present and vote on the matter under the *Corporations Law*.
- (2) The **director** is not in breach of his or her duties to the **credit union** merely because he or she acts in matters that relate to the **director's** interest.
- (3) The **director** may vote on matters that relate to the **director's** interest.
- (4) In relation to any transactions that relate to the **director's** interest:
- (a) the transactions may proceed;
  - (b) the **credit union** cannot avoid the transactions merely because of the **director's** interest; and
  - (c) the **director** may retain benefits under the transactions despite the **director's** interest.

### 17.2 Director Not in Breach if Does Not Act in Matters Relating to Director's Interests

- (1) This Rule applies if a **director** with a **material personal interest** in relation to a matter:
- (a) complies with the requirements of the *Corporations Law* in relation to disclosure of the nature and extent of the interest and its relation to the **credit unions** affairs; but
  - (b) must not be present and vote on the matter under the *Corporations Law*.
- (2) The **director** is not in breach of duty to the **credit union** merely because he or she does not act in relation to the matter.
- (3) The **board** may vote on matters that relate to the **director's** interest in the **director's** absence.
- (4) In relation to any transactions that relate to the **director's** interest:
- (a) the transactions may proceed;
  - (b) the **credit union** cannot avoid the transactions merely because of the **director's** interest; and
  - (c) the **director** may retain benefits under the transactions despite the **director's** interest.

### 17.3 Execution of Instruments

A **director** may participate in the execution of an instrument for the **credit union**, regardless of any interest or duty that the **director** may have:

- (a) whether or not the **director** has complied with the requirements of the *Corporations Law* in relation to disclosure of the nature and extent of the interest and its relation to the **credit unions** affairs; and
- (b) whether or not the **director** may be present and vote in relation to the execution of the instrument under the *Corporations Law*.

## Division 18. — Remuneration, Indemnity and Insurance

### 18.1 Remuneration of Directors

- (1) Subject to Sub rule (4), the **credit union** in **general meeting** must determine any remuneration of **directors** for their services as **directors**.
- (2) In the absence of apportionment determined by the meeting, the **directors** may determine how the sum for their remuneration is to be apportioned among them and how and when it is to be paid.
- (3) The remuneration of **directors** accrues from day to day.
- (4) The remuneration of each **director** appointed by the **board** under Rule 14.1(2) is determined by the **board** and this Rule 18.1 does not otherwise apply in relation to each such **director**.

### 18.2 Travelling Expenses and Insurance

In addition to any remuneration to which a **director** may be entitled, the **credit union** may also pay:

- (a) the **director's** travelling and other expenses that they properly incur:
  - in attending **board** meetings or any meetings of committees of **directors**; and
  - in attending any **members'** meetings; and
  - otherwise in connection with the **credit union's** business; and
- (b) subject to the *Corporations Law*, insurance premiums for a contract that insures the **director** against liabilities that the **director** incurs as an officer of the **credit union**.

### 18.3 Indemnities for Officers and Former Officers

- (1) In this Rule **indemnified person** means an officer or agent, or former officer or agent, of the **credit union**.
- (2) To the extent that the *Corporations Law* permits:
  - (a) the **credit union** must indemnify an **indemnified person** against any liability that the **indemnified person** incurs in conducting the **credit union's** business or exercising the **credit union's** powers as an officer or agent of the **credit union**; and
  - (b) the **credit union** may indemnify, agree to indemnify or enter into (and pay premiums on) a contract of insurance in relation to an **indemnified person** or any other person.
- (3) The indemnity in paragraph (2)(a) applies in relation to an **indemnified person** for all incidents occurring during the period that person is an officer or agent of the **credit union**, even though a claim is made against the **indemnified person** after they have ceased to be an officer or agent of the **credit union**.

---

## Division 19. — Administration

---

### 19.1 Seal

- (1) The **board** is to provide for the safe custody of the seal.
- (2) The seal is to be used only by the authority of the **directors**.
- (3) The **board** may authorise:
  - (a) 2 **directors**; or
  - (b) a **director** and a **secretary**,

to witness the affixing of the seal on a document of a class specified in the resolution.

### 19.2 Secretary

Subject to Rule 19.3, the **board** may determine a **secretary's** terms of appointment, powers, duties and remuneration. At any time, the **board** may vary or revoke a determination, or an appointment, whatever the terms of the appointment.

### 19.3 Resignation of Secretary

- (1) A **secretary** may resign by giving the **credit union** notice of the **secretary's** resignation.
- (2) The **secretary's** office becomes vacant:
  - (a) if the notice of resignation specifies a date of resignation — on the date of resignation; or
  - (b) otherwise — on the date the **credit union** receives the notice of resignation.

# Appendix 1 — Objects

## A1-1 The *credit union* has the following objects:

- (a) to raise funds by subscription, **deposit** or otherwise, as authorised by the *Corporations Law* and *Banking Act 1959* (Cth);
- (b) to apply the funds in providing **financial accommodation** to **members**, subject to the *Corporations Law* and *Banking Act 1959* (Cth);
- (c) to encourage savings amongst **members**;
- (d) to promote co-operative enterprise;
- (e) to provide programs and services to **members** to assist them to meet their financial, economic and social needs;
- (f) to promote, encourage and bring about human and social development among individual **members** and within the larger community within which **members** work and reside; and
- (g) to further the interests of **members** and the communities within which they work and live through co-operation with:
  - (i) other credit unions and co-operatives; and
  - (ii) associations of credit unions and co-operatives, locally and internationally.



# Appendix 2

[Note: intentionally left blank]

# Appendix 3 — Shares

## Member Shares

### A3-1 Subscription Price

The *subscription price* for a *member share* is \$1.00.

### A3-2 Rights, Obligations and Restrictions Attaching to Member Shares

- (1) The following rights attach to each *member share*:
  - (a) the right to vote on the terms set out in clause A3-3;
  - (b) the right to participate in the distribution of profits or assets on a winding-up on the terms set out in clause A3-5; and
  - (c) the right to redeem the *member shares* on the terms set out in clause A3-6.
- (2) The obligation to pay any unpaid *subscription price* on the terms set out in clause A3-7 attaches to each *member share*.
- (3) The restriction on transfer of *member shares* in clause A3-8 attaches to each *member share*.
- (4) The *credit union* may issue more *member shares* at any time. The issue of more *member shares* does not vary the rights attached to *member shares* that the *credit union* has already issued.

### A3-3 Voting Rights

- (1) *Members* may participate and vote:
  - (a) at a *members'* meeting;
  - (b) at a meeting of the class of holders of *member shares*; and
  - (c) in a ballot to appoint *directors* by election.
- (2) At a *members'* meeting or a meeting of the class of holders of *member shares*:
  - (a) on a show of hands — each *member* other than a minor has 1 vote; and
  - (b) on a poll — each *member* other than a minor has 1 vote, irrespective of the number of member shares the member holds or the capacity in which each member share is held.

A *member* who is a minor has no vote.

**A3-4 Dividend Entitlement**

- (1) No dividend is payable in respect of any **member share**.

**A3-5 Distribution on Winding-Up**

- (1) On a winding-up of the **credit union** the holder of a **member share** is entitled:
- (a) to payment of the **subscription price** for the **member share** when the **member** subscribed for the **member share**; and
  - (b) if any assets remain after the payments in paragraph (a) — to any surplus assets of the **credit union**.
- (2) Each **member** has a right to participate in surplus assets equally with every other **member**.
- (3) The **credit union** may offset against the amount payable under this clause:
- (a) any amount unpaid on the **member share**; and
  - (b) any other amount payable by the **member** to the **credit union**.
- (4) The entitlements of **members** to payment on winding-up are subject to any preferred entitlements to payment on winding-up that holders of any other class of shares may have.

**A3-6 Redemption of Member Shares**

- (1) The **credit union** may redeem a **member share** only if the following conditions are satisfied:
- a) the **member** has given the **credit union** notice requesting termination of the **member's** membership of the **credit union** under Rule 4.2;
  - a) the **board** has resolved to terminate the **member's** membership of the **credit union** under Rule 4.3; or
  - b) the **board** has determined that the **member's deposit** accounts with the **credit union** are dormant under Rule 4.4;
- (2) On redemption, the **credit union** must pay the **member** an amount equal to the **subscription price** for the **member share** when the **member** subscribed for the **member share** less any amount unpaid on the **member share**.
- (3) On redemption, the **member shares** are cancelled.

**A3-7 Payment for Member Shares by Minors**

- (1) This clause applies to a **member** who:
- (a) became a **member** before 24 November 2015; and
  - (b) was a minor when he or she became a **member**.
- (2) While a **member** remains a minor, except when the **credit union** is being wound up, the **credit union** must not:

- (a) call for payment of the unpaid amount in respect of the minor's **member share**; or
  - (b) otherwise set off against the unpaid amount any amounts owing by the **credit union** to the minor.
- (3) After reaching the age of 18, the **member** must pay the remaining 80% of the **subscription price** for the **member share** applicable as at the time he or she became a **member**. Any time after the **member** reaches the age of 18, the **board** may:
- (a) call for payment of all or part of the unpaid amount in respect of the **member share**; or
  - (b) debit any of the **member's** deposit accounts with the **member's** consent.
- (4) After reaching the age of 18, the **member** may not exercise any of the rights attaching to his or her **member share** until the **member** pays the amount of the unpaid **subscription price**.

### **A3-8 Transfer of Member Shares**

- (1) A **member** may not transfer their **member share**.

### **A3-9 Payment of Unpaid Amounts**

- (1) If any of the **subscription price** remains unpaid on a **member's member share** then the **member** must repay some or all of the unpaid amount:
- (a) as and when, and to the extent, required by the *Corporations Act*; and
  - (b) in cash.

## Appendix 4 — Standing Orders

### A4-1 Time Limits for Speakers

- (1) The mover of a motion may speak for no more than 5 minutes.
- (2) Subsequent speakers may speak for no more than 5 minutes.
- (3) The mover of the motion may reply for no more than 5 minutes.
- (4) The meeting is free to extend the time a speaker may speak.

### A4-2 Amendment

- (1) On an amendment being proposed to an original motion, no second amendment may be considered until the first amendment has been dealt with.
- (2) An amendment, when carried, displaces the original motion and becomes the motion to which any further amendment may be moved.
- (3) If the amendment is not carried, then further amendments to the original motion may be considered.

### A4-3 Speakers

- (1) The mover of an original motion has a right of reply.
- (2) The mover of an amendment does not have a right of reply.
- (3) Otherwise, a **member** may speak only once on the same question except to raise a point of order or, with the consent of the chair of the meeting, to give an explanation.

### A4-4 Motions to be in Writing

Every motion and every amendment to a motion must be submitted in writing as and when the chair of the meeting requests.

### A4-5 Closure of Debate

- (1) Debate on a motion or an amendment may be brought to a close by a resolution 'that the question be now put'.
- (2) The motion 'that the question be now put' must be put to the meeting without debate.

# Appendix 5 — Election of Directors

## Division 1 – Nominations

### A5-1 Election

- (1) An election of **directors** is held by ballot to which the provisions of this Appendix apply.

### A5-2 Nominations

- (1) The **board** must call for nominations for election of **directors** not less than 56 days before the AGM. The **board** may call for such nominations in lieu of any of the methods allowed in Subrule 1.5, by advertisement:
- (a) at the **credit union's** offices; or
  - (b) in newspapers.
- (2) The date nominations close:
- (a) is determined by the **board**;
  - (b) must be no earlier than 21 days after notice is given under paragraph (1); and
  - (c) must be specified in the notice given under paragraph (1).
- (3) A nominee for election must:
- (a) be eligible under Rule 13.2;
  - (b) be nominated by two members;
  - (c) consent to the nomination; and
  - (d) furnish to the **credit union**:
    - (i) A declaration in such a form as the **board** may require as to his or her eligibility to be a **director**, and
    - (ii) A criminal history check consent in such form and with such attachments as the **board** may require
- (4) Only a nominee, including a director seeking re-election, who:
- (a) has complied with the requirements of Clause A5-2(3); and
  - (b) is assessed by the **board** to be fit and proper by reference to the **fit and proper policy**, becomes a **candidate** for election to whom the remainder of this Appendix 5 applies.

**A5-3 Proceeding with Election**

- (1) If the number of **candidates** is equal to or less than the number of positions to be filled:
  - (a) the **general meeting** may appoint each **candidate** as a **director** by passing a separate resolution at the AGM;
  - (b) the election process otherwise set out in this Appendix is discontinued;
- (2) The **credit union** has the right to reject nominees on the basis of lack of fitness & propriety or suitability of a person as an accountable person by APRA prior to an appointment.

---

## Division 2 – Ballot at AGM

---

**A5-4 Application of Division**

The clauses in this Division 2 apply to the election unless the **board** has determined under Division 3 that **voting procedures** apply to the election.

**A5-5 Appointment of Returning Officers**

- (1) The **board** must appoint a returning officer, who cannot be a **candidate**.
- (2) The **secretary** must prepare and give the returning officer a roll of **members**.

**A5-6 Appointment of Scrutineer**

- (1) A **candidate** may appoint a scrutineer.
- (2) The duties and responsibilities of scrutineers are:
  - (a) to observe the sorting, counting and recording of ballot papers;
  - (b) to ensure that the votes of unrejected ballot papers are correctly credited to the appropriate **candidates**; and
  - (c) to raise any query with the returning officer regarding any of the ballot papers.

**A5-7 Ballot Papers**

- (1) After nominations have closed, the returning officer must prepare ballot papers for the election:
- (2) The order in which the **candidates** appear on the ballot paper is to be determined by the returning officer by lot.
- (3) The returning officer must ensure some authenticating mark appears on each ballot paper before issuing them to the **members**.
- (4) On issuing each ballot paper, the returning officer must mark the member's name off the roll of **members**.

**A5-8 Conduct of Ballot**

- (1) The returning officer must conduct the ballot at the AGM.
- (2) The returning officer must provide secured ballot boxes. The ballot boxes must remain secured until the closure of the ballot.

**A5-9 Closure of the Ballot**

The ballot closes at the time the returning officer specifies.

**A5-10 Informal Ballot Papers**

- (1) A ballot paper is informal if:
  - (a) it is not authenticated by the returning officer; or
  - (b) it has no vote indicated on it or it does not indicate the *member's* preference for a *candidate*.

**A5-11 Destruction of Ballot Papers**

The returning officer must destroy the ballot papers three months after the declaration of the ballot.

---

## Division 3 – Voting Procedures

---

**A5-12 Voting Procedures**

- (1) The *board* may from time to time approve *voting procedures* to apply to elections.
- (2) The *voting procedures* must set out at a minimum:
  - (a) one or more methods by which *members* can vote by ballot in the election, including, without limitation, ballot at the AGM, postal ballot or electronic ballot;
  - (b) the role of the returning officer;
  - (c) the role of scrutineers;
  - (d) rules for determining if a ballot is informal;
  - (e) when the ballot opens and closes;
  - (f) the retention and destruction of documents and records relating to the ballot after the election.
- (3) The *board* must consider the following matters in determining *voting procedures*:
  - (a) giving all eligible *members* reasonable access to a method for voting;
  - (b) providing eligible *members* with adequate notice of how to vote;



- (c) giving eligible **members** reasonable time to vote;
- (d) ensuring eligible **members** can only vote once in the ballot;
- (e) protecting the anonymity of voters.

#### A5-13 Application of Voting Procedures

- (1) If the **board** has determined that **voting procedures** apply to the election then:
  - (a) the election will be conducted by ballot in accordance with the **voting procedures**;
  - (b) Division 2 does not apply to the election; and
  - (c) the **credit union** must provide a copy of the **voting procedures** to a **member** on request.

---

## Division 4 – After the Ballot Closes

---

#### A5-14 Procedures After Close of the Ballot

- (1) As soon as practicable after the ballot closes, the returning officer must ensure that the ballots are dealt with as follows:
  - (a) supervise the scrutinising of the ballots and reject informal ballots;
  - (b) count the votes;
  - (c) sign a declaration of the ballot as to the:
    - (i) names of the **candidates** appointed as **directors**;
    - (ii) votes cast for each **candidate**; and
    - (iii) number of votes rejected as informal; and
  - (d) deliver the declaration to the **secretary**.
- (2) The **secretary** must announce the results of the ballot at the AGM.
- (3) If a **member** gives the **credit union** a written request, the **credit union** must make available to any **member** a copy of the returning officer's declaration of the ballot.

#### A5-15 Voting System

- (1) The **candidates** with the highest number of votes in accordance with the number of vacancies are appointed as **directors**.
- (2) If 2 or more **candidates** have the same number of votes, the **candidate** appointed as a **director** is determined by lot.

# Appendix 6 — Demutualisation Protection Rules

## Division 1 — Introduction

### A6-1 When the Demutualisation Protection Rules Apply

(1) This Appendix applies in the following situations:

(1)	<b>Modification or Repeal of Constitution</b>	<p>the <b>credit union</b> proposes to modify or repeal this Constitution where the effect of the modification or repeal is:</p> <p>(a) to vary any of:</p> <p>(i) the terms on which it issues shares; or</p> <p>(ii) the rights and restrictions attaching to its shares, so that they are inconsistent with those set out in the <b>Principles of Mutuality</b>;</p> <p>(b) to enable the <b>credit union</b> to issue shares where:</p> <p>(i) the terms on which it issues the shares; or</p> <p>(ii) the rights and restrictions attaching to the shares, are inconsistent with those set out in the <b>Principles of Mutuality</b> (whether or not any shares are so issued);</p> <p>(c) to vary any of the rights, obligations or restrictions attaching to membership so that they are inconsistent with those set out in the <b>Principles of Mutuality</b>;</p> <p>(d) to enable the <b>credit union</b> to admit members where the rights, obligations or restrictions attaching to membership are inconsistent with those set out in the <b>Principles of Mutuality</b> (whether or not any members are so admitted)</p> <p>(e) that the <b>credit union's</b> Constitution is otherwise inconsistent with the <b>Principles of Mutuality</b>.</p>
(2)	<b>Issue of Shares or Admission of Members</b>	<p>the <b>credit union</b> (whether acting through its <b>board</b>, its <b>members</b> or otherwise) proposes:</p> <p>(a) to issue shares where:</p> <p>(i) the terms on which it issues the shares; or</p> <p>(ii) the rights and restrictions attaching to the shares, are inconsistent with those set out in the <b>Principles of Mutuality</b>;</p> <p>(b) to issue <b>securities</b> which confer the right or obligation to subscribe for shares (whether on conversion of the <b>securities</b> or exercise of any option) where:</p> <p>(i) the terms on which it issues the shares; or</p> <p>(ii) the rights and restrictions attaching to the shares, are inconsistent with those set out in the <b>Principles of Mutuality</b>; or</p> <p>(c) to admit members with rights, obligations or restrictions attaching to membership inconsistent with those set out in the <b>Principles of Mutuality</b>.</p>
(3)	<b>Restructure</b>	<p>the <b>credit union</b> (whether acting through its <b>board</b>, its <b>members</b> or otherwise) proposes to conduct a reduction of capital, scheme of arrangement, deed of arrangement, transfer of business, or any other form of corporate restructure, where after completion of the restructure:</p> <p>(a) the <b>credit union</b> no longer complies with the <b>Principles of Mutuality</b>;</p> <p>(b) one person, other than a person entitled to use either the words 'credit union', 'credit society' or 'credit co-operative' in their name, holds more than 90% of the shares in the <b>credit union</b> other than shares fitting the description of 'additional shares' in the <b>Principles of Mutuality</b>;</p> <p>(c) a group of <b>associates</b>, other than a group all of the members of which are entitled to use either the words 'credit union', 'credit society' or 'credit co-operative' in their name, between them hold more than 90% of the shares in the <b>credit union</b> other than shares fitting the description of 'additional shares' in the <b>Principles of</b></p>

		<p><b>Mutuality;</b></p> <p>(d) a person not entitled to use either the words ‘credit union’, ‘credit society’ or ‘credit co-operative’ in their name has a legal or equitable interest in more than 20% of the <b>credit union’s</b> gross assets, based on the latest report that the <b>credit union</b> has given the Australian Prudential Regulation authority as at the time of the transfer;</p> <p>(e) a group of <b>associates</b>, other than a group all of the members of which are entitled to use either the words ‘credit union’, ‘credit society’ or ‘credit co-operative’ in their name, between them have a legal or equitable interest in more than 20% of the <b>credit union’s</b> gross assets, based on the latest report that the <b>credit union</b> has given the Australian Prudential Regulation authority as at the time of the transfer; or</p> <p>(f) the successor to the <b>credit union’s</b> business is not entitled to use either the words ‘credit union’, ‘credit society’ or ‘credit co-operative’ in its name.</p>
(4)	<b>Modification or Repeal of this Appendix</b>	<p>the <b>credit union</b> proposes to modify or repeal:</p> <p>(a) any of the Clauses in this Appendix;</p> <p>(b) any of the <b>Principles of Mutuality</b>; or</p> <p>(c) this Constitution where the effect of the modification or repeal is to modify, exclude or restrict the operation of the Clauses in this Appendix.</p>
(5)	<b>The Issue of Mutual Capital Instruments</b>	<p>the <b>credit union</b> proposes to issue Mutual Capital Instruments (MCI) in accordance with Part 2 B.8, Division 3 of the Corporations Act:</p> <p>(a) the holder of MCIs are limited to one vote regardless of the number of MCI the holder owns.</p> <p>(b) the rights attached to the MCI can only be varied by either a special resolution of all members holding the same class of MCIs, or obtaining written consent of 75 % of the holders of the class of MCI.</p> <p>(c) the resolution will not result in the <b>credit union</b> ceasing to be a mutual entity.</p>

(2) This Appendix does not apply to proposed modifications or repeals set out in item (4) of the Table in Subclause A6–1(1) that:

- (a) increase the range of **proposed transactions** (including any changes to this Appendix so that it applies to the increased range of **proposed transactions**);
- (b) impose, modify or repeal additional restrictions on the conduct of **proposed transactions** other than those set out in this Appendix;
- (c) impose, modify or repeal additional obligations that must be complied with in relation to **proposed transactions** other than those set out in this Appendix;
- (d) require disclosure of additional types of information other than those set out in Clause A6–5 to Clause A6–8; or
- (e) modify or repeal any requirement specified in this Constitution, apart from this Appendix or the **Principles of Mutuality**, in relation to a **proposed transaction**.

However, this Appendix does apply to:

- (f) a proposed modification or repeal that makes more than 1 change, and 1 or more of the changes is within the scope of item (4) of the Table in Subclause A6–1(1) but not excluded by this Clause; or
- (g) a proposed modification or repeal where some other Rule in this Constitution applies this Appendix to the modification or repeal.

(3) This Appendix, other than Subclause A6-1(4), ceases to have effect immediately upon the following conditions both being met:

- (a) the Australian Securities and Investments Commission publishes a written notice that this Appendix ceases to have effect in relation to the **credit union**; and
- (b) the Australian Securities and Investments Commission delivers a copy of the written notice to the **credit union**.

This Subclause is subject to any terms and conditions in the written notice.

- (4) If this Appendix ceases to have effect by reason of Subclause A6-1(3), it will again come into effect by **board** resolution upon the Australian Securities and Investments Commission doing any of the following:
- (a) withdrawing the written notice referred to in Subclause A6-1(3)(a);
  - (b) making an order or exemption that permits the **credit union** to adopt or recommence the operation of this Appendix or provisions to the effect of this Appendix; or
  - (c) otherwise permitting the **credit union** to recommence the operation of this Appendix.

## A6-2 Definitions

- (1) In this Appendix:

**associate** means, in relation to a primary person:

- (a) a spouse or de facto spouse of the primary person;
- (b) a parent, son or daughter of the primary person, spouse or de facto spouse;
- (c) a person who is a partner of the primary person;
- (d) a person who is a director of a body of which the primary person is a director;
- (e) a person who is a trustee of a trust in relation to which a person or entity of a kind referred to in paragraphs (a), (b), (c), (d), (f) or (g) benefits or is capable of benefiting;
- (f) any **entity**, other than the **credit union**, over which:
  - (i) a person of a kind referred to in paragraphs (a), (b), (c), (d) or (e) has **control**;
  - (ii) 2 or more persons of a kind referred to in paragraphs (a), (b), (c), (d) or (e) together have **control**;
- (g) any **entity**, other than the **credit union**, in which:
  - (i) a person of a kind referred to in paragraphs (a), (b), (c), (d), (e) or (f) is beneficially entitled to more than 20% of any class of **securities**;
  - (ii) 2 or more persons of a kind referred to in paragraphs (a), (b), (c), (d) or (f) together are beneficially entitled to more than 20% of any class of **securities**

**control** means the ability or power of an **entity**:

- (a) whether direct or indirect;
- (b) whether or not enforceable; and
- (c) whether presently exercisable by means of, in breach of or by revocation of any combination of the following:
  - (i) trusts;
  - (ii) relevant agreements; and
  - (iii) practices,

to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of any other **entity** so as to enable that other **entity** to operate with it in pursuing those objectives of the controlling **entity**

**entity** means any:

- (a) incorporated or unincorporated body;
- (b) trust or partnership; or
- (c) any legal, administrative or fiduciary arrangement, organisational structure or other party (including a person) having the capacity to deploy scarce resources in order to achieve objectives

**independent expert** means an expert who is not an officer of the **credit union** or an associate of an officer of the **credit union**.

**Principles of Mutuality** refers to Principles 4 to 25 and 27 of the Principles of Mutuality in the Preamble to this Constitution to the extent that any of those Principles are not inconsistent with ASIC Policy Statement 147: Mutuality – Financial Institutions

**proposed transaction** means any of the modifications, repeals, issues, admissions, restructures or other transactions referred to in Subclause A6-1(1)

**qualifying member** means:

- (a) a person who has been admitted to membership of the **credit union** on the date on which Clause A6-21 takes effect; or
- (b) a person admitted to membership of the **credit union** after the date on which Clause A6-21 takes effect and who has been a **member** for not less than two years.

**securities** has the same meaning as in the *Corporations Act* from time to time, but also includes options

- (2) Unless the context requires otherwise, terms that are not expressly defined in this Constitution, but that are defined in the *Corporations Act* from time to time, have the same meaning as in the *Corporations Act*.

### A6-3 Demutualisation Approval Procedure

- (1) If this Appendix applies, the **credit union** must comply with the procedure set out in Divisions 2 and 3 before:
  - (a) convening a meeting of members to vote on the proposed modification or repeal of the Constitution set out in items (1) and (4) of the Table in Subclause A6-1(1);
  - (b) issuing the **securities** or admitting the members as set out in item (2) of the Table in Subclause A6-1(1); or
  - (c) either convening, or, where relevant, applying for a court or other order to convene, one or more meetings (whichever is the earlier) to vote on the proposed restructuring or to appoint an administrator as set out in item (3) of the Table in Subclause A6-1(1).
- (2) If a meeting of members approves a proposed modification of the Constitution set out in items (1) and (4) of the Table in Subclause A6-1(1):
  - (a) the resolution is of no effect until the procedure set out in Divisions 2 and 3 is complied with; and
  - (b) the **credit union** must send each member a notice that the resolution has been passed in breach of this Appendix, together with the other documents required to be sent in Clause A6-5.
- (3) The procedures in this Appendix apply in addition to any requirements specified in the *Corporations Act* or this Constitution in relation to the **proposed transaction**.
- (4) If the **proposed transaction** is proposed by:
  - (a) the **board** — the **credit union** bears all costs associated with disclosure and conduct of the postal ballot;
  - (b) a member or a group of members — the member or group of members must pay all costs associated with disclosure, including printing and postage.

The **board** is not required to assist any member or group of members proposing the **proposed transaction** unless they give the **credit union** an indemnity in a form satisfactory to the **board**.

- (5) If Subclause A6-3(4)(b) applies, members in general meeting may resolve that:
- (a) the **credit union** pay all costs associated with disclosure and conduct of the postal ballot;
  - (b) the **credit union** reimburse the members proposing the **proposed transaction** for the costs associated with disclosure and conduct of the postal ballot they incur.

#### A6-4 Approval of Demutualisation

- (1) If this Appendix applies, the **credit union** may only act upon the **proposed transaction** if:
- (a) it has complied with the procedure set out in Divisions 2 and 3; and
  - (b) if the **credit union** has only one class of members:
    - (i) not less than 25% of the members have voted at the postal ballot conducted under Division 3; and
    - (ii) not less than 75% of the members who have voted approved of the proposed transaction;
  - (c) if the **credit union** has more than one class of members:
    - (i) not less than 25% of the members in each class have voted at the postal ballot conducted under Division 3; and
    - (ii) not less than 75% of the members who have voted in each class approved of the proposed transaction.
- (2) For purposes of this Clause, members entitled to repayment of different amounts on redemption of their member shares are to be treated as in different classes.

### Division 2 — Disclosure

#### A6-5 Disclosure Documents Sent With Ballot Paper

The **credit union** must send the following documents with the ballot paper that it must send each member under Clause A6-14:

- (a) a disclosure statement as described in Clause A6-6;
- (b) a director's statement from each director as described in Clause A6-7; and
- (c) an **independent expert's** report, commissioned by the **credit union**, as described in Clause A6-8.

#### A6-6 Disclosure Statement

- (1) The disclosure statement must adequately set out or explain the following (if relevant):
- (a) the procedural steps required in relation to the **proposed transaction**;
  - (b) how members' rights will change as a result of the proposed transaction and the consequences of the **proposed transaction** for members, including any:
    - (i) loss of rights;
    - (ii) change as to voting rights and rights to participate in the reserves and profits of the **credit union**;
  - (c) what benefits (if any) will be offered to members if the **proposed transaction** occurs, and why the benefits are considered appropriate, taking into account, among other things, the extent to which the benefits compensate the members for loss of rights;
  - (d) the basis upon which members' entitlement to the benefits will be determined, including:
    - (i) any minimum period of membership that a member must satisfy to receive benefits;
    - (ii) whether members must pay any amount or provide other value to receive benefits;
  - (e) any preferential allocation of benefits to members, or a class of members, and how that allocation is to be determined;
  - (f) any benefits that officers of the **credit union** (including retiring officers) or any **associates** of any officers may receive (whether directly or indirectly) in connection with the **proposed**

- transaction**, other than in their capacity as a member on the same terms as are available to other members, including without limitation:
- (i) any money or goods;
  - (ii) any preferential allocation of **securities**;
  - (iii) any retirement or superannuation benefits;
  - (iv) any compensation for loss of office;
  - (v) any concessional loans or other favourable or non-arm's length transactions;
- (g) the implications of the **proposed transaction** in relation to:
- (i) the continuation of the **credit union's** business;
  - (ii) any major changes to be made to the **credit union's** business; and
  - (iii) changes to benefits, products and services;
  - (iv) the future employment of the present employees of the **credit union**;
- (h) whether the **credit union's** financial position has changed materially since the last balance sheet put before members at the last AGM;
- (i) the availability and consequences of other alternatives; and
  - (j) any other information that the members and their professional advisers would reasonably require to make an informed assessment whether to approve the **proposed transaction**.
- (2) If the **proposed transaction** involves the allocation of **securities** (whether by the **credit union** or some other entity) the disclosure statement must adequately set out or explain the following (if relevant):
- (a) who will and will not be allocated **securities**;
  - (b) the rights and obligations attaching to the **securities** being allocated, including voting rights and rights to participate in the reserves and profits;
  - (c) the class and approximate number of **securities** being allocated;
  - (d) the allocation formula for the **securities** (including the implications of any undersubscription or oversubscription of **securities** offered), including, without limitation:
    - (i) the manner in which the allocation formula will apply as between members; and
    - (ii) the basis on which the allocation formula has been determined;
  - (e) if rights to **securities** are allocated — whether the rights are renounceable or non-renounceable;
  - (f) the consideration payable for the **securities**, including, if the **securities** are partly paid, any call dates and amounts payable on calls;
  - (g) if the allocation of **securities** is underwritten:
    - (i) the name of the underwriters;
    - (ii) the amount of the underwriting fee or commission payable;
    - (iii) details of clauses in the underwriting agreement that may affect the underwriter's rights and obligations under the underwriting agreement;
  - (h) whether the **securities** will be listed on a securities exchange or exempt market; and
  - (i) the implications of allocation of **securities** for the structure of the **credit union**.
- (3) If the **proposed transaction** involves the modification or repeal, as set out in item (4) of the Table in Subclause A6–1, and the person proposing the modification or repeal is aware of any proposal to conduct any of the transactions set out in items (1) to (3) of the Table in Subclause A6–1(1), then the disclosure statement must disclose the matters set out in Subclause A6–6(1) and Subclause A6–6(2) in relation to:
- (a) the proposed modification or repeal; and
  - (b) each proposed transaction set out in items (1) to (3) of the Table in Subclause A6–1(1) of which the person is aware (to the extent that the person is aware of the matters relating to those transactions).

**A6–7 Director’s Statement**

The director’s statement must contain:

- (a) a statement:
  - (i) recommending that the **proposed transaction** be approved or not approved, and giving reasons for the recommendation; or
  - (ii) giving reasons why a recommendation is not made;
- (b) a statement whether the director proposes to approve or not approve the **proposed transaction**;
- (c) a statement confirming that neither the director nor any **associate** of the director will receive any pay, other valuable consideration or any other benefit in connection with the **proposed transaction** other than as disclosed in the disclosure statement; and
- (d) particulars of any agreement between the director and any other person in connection with, or conditional upon, the outcome of the **proposed transaction**.

**A6–8 Independent Expert’s Report**

- (1) The **independent expert’s** report must adequately set out or explain the following (if relevant):
  - (a) whether, in the **independent expert’s** opinion, the **proposed transaction** is in the best interests of the members, and giving reasons for that opinion;
  - (b) whether, in the **independent expert’s** opinion, the benefits being provided to the members are fair and reasonable, having regard to any:
    - (i) loss of rights; and
    - (ii) change as to voting rights and rights to participate in the reserves and profits of the **credit union**;
 and giving reasons for that opinion; and
  - (c) details of:
    - (i) any relationship between the **independent expert** and the **credit union**, including any circumstances in which the **independent expert** gives it advice or acts on its behalf, in the proper performance of the functions attaching to the **independent expert’s** professional capacity or business relationship with the **credit union**;
    - (ii) any financial or other interest of the **independent expert** that could reasonably be regarded as being capable of affecting the **independent expert’s** ability to give an unbiased opinion; and
    - (iii) any benefit that the **independent expert** or any **associate** of the **independent expert** may receive (whether directly or indirectly) in connection with making the report or in connection with the **proposed transaction**.
- (2) If the **credit union** commissions more than 1 **independent expert’s** report, all of the reports must be sent to each member.

**Division 3 — Postal Ballot****A6–9 Appointment of Returning Officer**

- (1) The **board** must appoint as returning officer for the ballot a person having the qualifications, experience or standing appropriate for appointment.
- (2) The returning officer may, if necessary, appoint 1 or more persons to act as assistant returning officers or clerical assistants.
- (3) A member is not eligible to be appointed as a returning officer or assistant returning officer.



- (4) The returning officer may delegate any of the returning officer's functions in this Division to an assistant returning officer having the qualifications, experience or standing to exercise those functions.
- (5) A person ceases to hold office as a returning officer or assistant returning officer if the person:
  - (a) dies; or
  - (b) resigns by notice of resignation delivered to the **credit union**; or
  - (c) is removed from office by the members.

#### **A6-10 Roll**

As soon as practicable after the **board** appoints the returning officer for the postal ballot, the secretary must give the returning officer a roll showing, as at the time the roll is given:

- (a) the members and the number of shares each member holds; and
- (b) if the shares are divided into different classes — the members who hold shares in each class and the number of shares of each class each member holds.

#### **A6-11 Notice of Proposed Postal Ballot**

- (1) As soon as practicable after being appointed as returning officer for a postal ballot, the returning officer must cause notice of the proposed ballot to be:
  - (a) sent to each member entitled to vote; or
  - (b) published in a newspaper circulating generally throughout all jurisdictions in which the **credit union** has members.
- (2) The notice must:
  - (a) state that a postal ballot is to be held;
  - (b) state the proposed transaction that is to be put to voters at the ballot; and
  - (c) state the closing date for the ballot.

#### **A6-12 Postponement of Closing Date**

- (1) The returning officer may postpone (for not more than 7 days on any 1 occasion) the date for the close of the ballot by notice published in a newspaper circulating generally throughout all jurisdictions in which the **credit union** has members.
- (2) The returning officer may exercise the power conferred by this Clause more than once in respect of a ballot.

#### **A6-13 Printing of Ballot Papers**

The returning officer must ensure that a sufficient number of ballot papers is printed for the purposes of the ballot.

#### **A6-14 Postal Voting Procedures**

- (1) Postal voting will be conducted according to procedure specified by the returning officer as approved by the **board**.
- (2) In approving postal voting procedures the **board** must have regard to these matters:
- (3) the extent to which the procedures are efficient in enabling the returning officer to detect any fraud or impropriety in the voting process;
- (4) the extent to which the procedures protect the anonymity of the voter;
- (5) instructions for voting are legible and clearly expressed so as to accurately inform members how to complete and lodge a ballot paper;

- (6) provisions for issuing a duplicate ballot paper when the original has been lost or spoiled;
  - (7) the extent to which procedures for receiving, checking, scrutinising and counting ballot papers are efficient; and
  - (8) the conduct and functions of scrutineers appointed by candidates.
- (3) The **board** must cause the postal voting procedures, as approved, to be displayed at the **credit union's** registered office and every branch office from the day before ballot papers are sent to members until the day after closure of the ballot.
- (4) A member is entitled to a copy of the postal voting procedures, on request

#### **A6-15 Distribution of Ballot Papers**

Not less than 28 days before the closing date for the ballot, the returning officer must cause to be sent to each member on the roll, at the address specified in respect of the member in the roll:

- (a) a ballot paper that bears the initials of the returning officer or a deputy returning officer;
- (b) any other documents as required by the postal voting procedure.

#### **A6-16 Replacement of Ballot Papers**

- (1) If any member to whom a ballot paper has been sent satisfies the returning officer that the ballot paper has been spoilt, lost or destroyed, the returning officer may issue the member with a replacement ballot paper.
- (2) The returning officer must keep a record of all replacement ballot papers so issued.

#### **A6-17 Voting**

- (1) A member who wishes to vote in a postal ballot must:
- (a) complete the ballot papers in accordance with the postal voting procedures; and
  - (b) subsequently deal with the ballot paper in accordance with the postal voting procedures.
- (2) A member's vote in the postal ballot may be counted only if:
- (a) the member has voted in the way required by this Clause; and
  - (b) the returning officer receives the ballot paper in accordance with the postal voting procedures on or before the date for the close of the postal ballot.

#### **A6-18 Appointment of Scrutineers**

- (1) The **board** may appoint a scrutineer to monitor the scrutiny and the counting of postal votes.
- (2) Any other interested person, with the consent of the returning officer, may appoint a scrutineer to monitor the scrutiny and counting of the postal votes.
- (3) A scrutineer is entitled to be present at the scrutiny and counting of postal votes.

#### **A6-19 Scrutiny**

- (1) As soon as practicable after the ballot closes, the returning officer must check, scrutinise and deal with the ballots in accordance with the postal voting procedures.

- (2) A ballot paper is informal if:
- (a) it is not authenticated as required by the postal voting procedures;
  - (b) it has not been completed so as to show a vote.

#### **A6-20 Counting of Votes**

- (1) The returning officer must then proceed to count the votes.
- (2) The returning officer may make use of electronic data processing equipment in the counting of votes.
- (3) On completing the count, the returning officer must make out a return to the **credit union** certifying:
- (a) if the **credit union** has only one class of members:
    - (i) the number and percentage of members who voted in the postal ballot; and
    - (ii) the number and percentage of votes in favour of the proposed transaction; and
  - (b) if the **credit union** has more than one class of members:
    - (i) the number and percentage of members in each class who voted in the postal ballot; and
    - (ii) the number and percentage of votes in each class in favour of the proposed transaction.
- (4) For purposes of this Clause, members entitled to repayment of different amounts on redemption of their member shares are to be treated as in different classes.

#### **A6-21 Entitlement to Reserves**

Only a qualifying member is entitled to participate in the surplus and profits of the **credit union** if the members, in accordance with this Appendix, approve a restructure of the kind set out in item (3) of Clause A6-1 (1).