

1985 BILL 27

Third Session, 20th Legislature, 34 Elizabeth II

THE LEGISLATIVE ASSEMBLY OF ALBERTA

BILL 27

CREDIT UNION AMENDMENT ACT, 1985

THE MINISTER OF CONSUMER AND CORPORATE AFFAIRS

First Reading

Second Reading

Committee of the Whole

Third Reading

Royal Assent

Bill 27

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CREDIT UNION AMENDMENT ACT, 1985

(Assented to , 1985)

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

- 1 The Credit Union Act is amended by this Act.*
- 2 Section 1(k) is amended by adding “, but does not include, unless otherwise provided by the regulations, a class of shares created pursuant to section 88 or 99.1” after “credit union”.*
- 3 Section 19(2) is amended by adding the following after clause (a):*
(a.1) subject to the approval of the Director, acquire, hold or dispose of any shares or other securities of a body corporate not otherwise eligible under this Part;

Explanatory Notes

1 This Bill will amend chapter C-31 of the Revised Statutes of Alberta 1980.

2 Section 1(k) presently reads:

1 In this Act,

(k) "share" means a share in a credit union;

3 Section 19(2) presently reads:

(2) For the purpose of carrying out its objects, a credit union may

(a) receive money from its members or depositors

(i) as payment on shares,

(ii) as deposits, or

(iii) for the purchase of fixed term annuities;

(b) make loans to its members or depositors for provident, productive and merchandising purposes;

(c) make loans to other credit unions that are members;

(d) deposit money in banks or in any other institution approved by the Director;

(e) invest in paid-up shares of the Federation or invest in the paid-up shares of any other credit unions approved for that purpose by the Director;

(f) invest in any investments authorized by the Trustee Act;

(g) borrow money as hereinafter provided;

(h) draw, make, accept, endorse, execute and issue promissory notes, bills of exchange, bills of lading, warrants and other negotiable or transferable instruments;

(i) take, hold, realize on, or otherwise dispose of any securities held for loans, whether the securities are real or personal property;

(j) immediately on the death of a member and on completion of any forms required by the by-laws, pay a sum not exceeding \$2500 out of

4 *The following is added after section 88(h):*

- (i) governing the exercise by a credit union of any of its powers;
- (j) governing the making of loans and investments by credit unions;
- (k) governing the assumption of liabilities by and the maximum amount of liability of credit unions;
- (l) in addition to the class of shares referred to in section 11, authorizing the establishment of other classes of shares;
- (m) respecting the creation, issuance, sale, redemption, retraction, transfer, registration, transmission or delivery of shares referred to in clause (l) and the rights, privileges, restrictions and conditions attaching to each class of shares and each series in a class of shares;
- (n) respecting the minimum amounts to be received by a credit union in respect of each class of share referred to in clause (l);
- (o) governing the maximum number of shares referred to in clause (l), whether in any class of shares or series of shares of a credit union, that may be held by any individual shareholder;
- (p) governing the rights, duties and obligations of a credit union with respect to shares referred to in clause (l);
- (q) respecting the extent to which shares referred to in clause (l) are subject to any provisions of this Act;
- (r) notwithstanding anything in this section, prescribing that any provision of the *Business Corporations Act*, subject to such modification as the Lieutenant Governor in Council considers desirable, applies with respect to shares referred to in clause (l) or any matter related thereto.

5 *The following is added after section 93:*

93.1(1) The operation of sections 92 and 93 is suspended until such time as this section expires.

the money standing to the credit of the deceased member, whether as payment on shares, in a deposit or in a member's equity account,

(i) to the executor or administrator of the estate of the deceased member,

(ii) if there is then no executor or administrator, to the surviving spouse of the deceased member, or

(iii) if there is no executor, administrator or surviving spouse, to the Public Trustee for the benefit of the person or persons who would be beneficiaries of the estate of the deceased member under the Intestate Succession Act if the member had died intestate and without a surviving spouse,

and a payment made under this clause releases the credit union from any further liability with respect to the money so paid;

(k) do all other acts and things that are incidental or conducive to or consequential on the attainment of its objects.

4 Section 88 presently reads:

88 *The Lieutenant Governor in Council may make regulations*

(a) respecting names of credit unions;

(b) prohibiting the use of any names or any words or expressions in a name;

(c) defining any word or expression used in section 7(1)(c);

(d) prescribing requirements for the purposes of section 7(1)(d);

(e) respecting the circumstances and conditions under which a name under section 7(1) may be used;

(f) prescribing the documents referred to in sections 4(3) and 8(1.1);

(g) prescribing the punctuation marks and other marks that may form part of a name;

(h) prescribing forms for the purposes of this Act.

5 Appointment of new Board.

(2) The Board shall consist of not more than 5 members appointed by the Lieutenant Governor in Council.

(3) The Minister may appoint the chairman and a vice-chairman of the Board.

(4) At any time during which the office of chairman is vacant or the chairman is absent or unable to act as chairman, the vice-chairman shall perform all the duties and functions and may exercise all the powers that are imposed or conferred on the chairman.

6 *Section 98(b) is amended by striking out “by loans, advances or grants”.*

7 *Section 99 is amended*

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

(a.1) subject to the approval of the Lieutenant Governor in Council, to acquire, hold or dispose of any shares or other securities of any body corporate not otherwise eligible under clause (a);

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

(b) to raise or borrow money in any amount and in any manner that it sees fit with or without security, and to charge the whole or any portion of the Fund, including money receivable as assessments, as security;

6 Section 98(b) presently reads:

98 The objects of the Corporation are:

(b) to protect and stabilize credit unions in financial difficulties by loans, advances or grants;

7 Section 99 presently reads:

99 In addition to the other powers that are conferred on the Corporation by this Part, the Corporation has the following powers:

(a) to invest money in any stocks, bonds or securities of or guaranteed by the Government of Canada or the Government of Alberta, in paid-up shares or securities of The Credit Union Federation of Alberta Limited, the Co-operative Trust Company of Canada or the Canadian Co-operative Credit Society or in authorized trustee investments under the Trustee Act;

(b) to raise or borrow in any amount and manner that it sees fit with or without security, and to charge the whole or any portion of the Fund, including money receivable as assessments, as security;

(c) to enter into an agreement or agreements under section 88 of the Cooperative Credit Associations Act (Canada) with the Canada Deposit Insurance Corporation;

(d) to purchase, acquire, sell, lease or otherwise dispose of real or personal property;

(e) to secure reinsurance of the liability of the Corporation with one or more insurers, in any amount the Corporation thinks fit;

(f) to levy an assessment to cover the cost of authorized insurance premiums or insurance programs, including the cost of administering any insurance program and to recover the assessment from those credit unions participating in the insurance programs;

(g) to draw, make, accept, endorse, execute and issue promissory notes, bills of exchange, warrants and other negotiable and transferable instruments;

(h) to pay to the members of the Stabilization Board any allowance, travelling expenses and other remuneration that may be determined by the Board;

(i) to pay all other expenses necessarily incurred in the carrying out of the objects of the Corporation;

(j) to establish a head office and any other offices the Stabilization Board determines are necessary or advisable;

(k) to do all other things necessarily incidental or conducive to the attainment of its objects.

8 Regulations.

9 Loans and guarantees by Provincial Treasurer.

10 Section 104 presently reads:

104 All money received by the Corporation shall be deposited with The Credit Union Federation of Alberta Limited or with one or more chartered banks or with one or more treasury branches.

11 Section 109(1) presently reads:

109(1) The Corporation may make loans, advances or grants to

(a) a credit union that, in the opinion of the Board,

(i) requires financial assistance from the Corporation in order to maintain its solvency and to meet claims of its members for withdrawal of their shares or deposits, or

8 *The following is added after section 99:*

99.1 The Lieutenant Governor in Council may make regulations

- (a) governing the exercise by the Corporation of any of its powers;
- (b) respecting the creation, issuance, sale, redemption, retraction, transfer, registration, transmission or delivery of shares of the Corporation and the rights, privileges, restrictions and conditions attaching to each class of shares and each series in a class of shares;
- (c) governing the rights, duties and obligations of the Corporation with respect to shares issued by it;
- (d) governing the maximum number of shares of the Corporation, whether in any class of shares or series of shares, that may be held by any individual shareholder;
- (e) respecting the minimum amounts to be received by the Corporation in respect of each class of shares;
- (f) notwithstanding anything in this section, prescribing that any provision of the *Business Corporations Act*, subject to such modification as the Lieutenant Governor in Council considers desirable, applies with respect to shares referred to in clause (b) or any matter related thereto.

9 *The following is added after section 99.1:*

99.2(1) In order that the Corporation may carry out its objects, the Provincial Treasurer may, subject to the approval of the Lieutenant Governor in Council,

- (a) make loans or advances to or purchase shares or other securities of the Corporation, and
- (b) provide guarantees or indemnities in connection with loans or other obligations of the Corporation.

(2) Amounts required pursuant to subsection (1)(a) shall be paid out of the General Revenue Fund.

10 *Section 104 is amended by adding “, with the Consolidated Cash Investment Trust Fund established under the Financial Administration Act” after “Limited”.*

11 *Section 109(1) is amended by adding “, or invest in or acquire the shares or other securities of,” after “grants to”.*

12 Section 116 is amended

(a) in subsection (4)

(i) by striking out “and to the Federation”;

(ii) by striking out “or the Federation”;

(b) in subsection (5)

(i) by striking out “and the Federation”;

(ii) by striking out “they or either of them” and substituting “he”;

(c) by repealing subsection (6).

13 The Financial Administration Act is amended in section 1(1)(n) by adding “, the Credit Union Stabilization Corporation established under section 90 of the Credit Union Act” after “Alberta Mortgage and Housing Corporation Act”.

14 The members of the Board appointed under section 92 of the Credit Union Act continue as the members of the Board under section 93.1 of the Credit Union Act until such time as their appointment is revoked by the Lieutenant Governor in Council or terminated because of resignation or death.

(ii) requires financial assistance to enable the credit union to operate its affairs in a sound, economic and businesslike manner,

or

(b) a credit union for any of the following purposes:

(i) for carrying on, encouraging and assisting in technical and advisory matters relating to credit unions,

(ii) for the purpose of purchasing or acquiring a safe, vault or other safety equipment necessary to ensure the safety of money and documents entrusted to the credit union by its members for safekeeping or required in the provision of services to its members,

when the Corporation is satisfied that the credit union seeking assistance has made every reasonable effort to meet its obligations and carry on its affairs from its own resources.

12 Section 116 presently reads in part:

(4) On receipt of the auditor's report, the Corporation shall forthwith send to the Director and to the Federation a copy of it together with the annual report and any further statement of the affairs of the Corporation the Director or the Federation may require.

(5) The Corporation shall furnish to the Director and the Federation any additional information they or either of them may require.

(6) The Corporation shall make a report on its affairs and financial condition to the annual meeting of the Federation.

13 Section 1(1)(n) of the Financial Administration Act presently reads:

1(1) In this Act,

(n) "Provincial corporation" means

(i) a corporation that is incorporated by or under an Act of the Legislature, other than a local or private Act, all or a majority of whose members or directors are appointed or designated, either by their personal names or by their names of office, by an Act of the Legislature or regulations under an Act of the Legislature, by an order of the Lieutenant Governor in Council or of a Minister of the Crown or by any combination thereof, or

(ii) a corporation all of whose issued voting shares of every class are owned by the Crown or held in trust for the Crown or are partly owned by the Crown and partly held in trust for the Crown,

but does not include a new town or a housing authority incorporated under section 42 of the Alberta Mortgage and Housing Corporation Act or a board of a hospital district appointed by an order made under section 8 of the Hospitals Act;

14 Transitional.

15 Sections 93.1 and 99.2 of the Credit Union Act and the amendment to section 1(1)(n) of the Financial Administration Act made under section 13 of this Act expire 5 years after the coming into force of this Act or on such earlier date as may be prescribed by the Lieutenant Governor in Council.

In accordance with section 4(1) of the Interpretation Act, this Bill comes into force on the date it receives Royal Assent.