

2008 Bill 13

First Session, 27th Legislature, 57 Elizabeth II

THE LEGISLATIVE ASSEMBLY OF ALBERTA

BILL 13

**FINANCIAL INSTITUTIONS STATUTES
AMENDMENT ACT, 2008**

MR. FAWCETT

First Reading

Second Reading

Committee of the Whole

Third Reading

Royal Assent

Bill 13
Mr. Fawcett

BILL 13

2008

FINANCIAL INSTITUTIONS STATUTES AMENDMENT ACT, 2008

(Assented to , 2008)

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

Alberta Treasury Branches Act

Amends RSA 2000 cA-37

1(1) The *Alberta Treasury Branches Act* is amended by this section.

(2) Section 11(2) is amended by striking out “and” at the end of clause (b), adding “, and” at the end of clause (c) and adding the following after clause (c):

- (d) with the prior written consent of the Minister, operate post offices within the meaning of the *Canada Post Corporation Act* (Canada) in any of its branches specified in the consent.

Explanatory Notes

Alberta Treasury Branches Act

1(1) Amends chapter A-37 of the Revised Statutes of Alberta 2000.

(2) Section 11 presently reads:

11(1) Subject to this Act and the regulations, Alberta Treasury Branches shall not engage in or carry on any business other than business generally appertaining to the business of providing financial services.

(2) Notwithstanding subsection (1), Alberta Treasury Branches may

- (a) carry on business as a custodian of property,*
- (b) act as a trustee for a trust in respect of a prescribed class of transaction, and*
- (c) hold, manage and otherwise deal with real property.*

(3) The following is added after section 14:

Prescribed charges and grants

14.1(1) Alberta Treasury Branches shall pay to the Minister, in respect of such matters as are prescribed for charges under section 34(1)(j.1), charges in the amounts, at the times and in the manner so prescribed.

(2) The Minister may make grants to Alberta Treasury Branches, in respect of such matters as are prescribed for grants under section 34(1)(j.1), in the amounts, at the times and in the manner so prescribed.

(4) Section 20 is repealed and the following is substituted:

Capital requirement

20 Alberta Treasury Branches shall maintain capital in accordance with guidelines authorized by regulations made under section 34(1)(h.2), and the Minister shall make such guidelines.

(5) Section 34(1) is amended

(a) by repealing clause (a);

(b) by adding the following after clause (j):

(j.1) respecting charges and grants for the purposes of section 14.1;

(c) by adding the following after clause (k):

(k.1) without limiting any of the powers that the Minister has flowing from the application of section 2(3), authorizing the Minister, for purposes related to the administration of this Act or the regulations,

(i) to require Alberta Treasury Branches to report to the Minister such information, at such times and in such form as the Minister directs it in writing,

(ii) to conduct such examination or inquiry into the business or affairs of Alberta Treasury Branches as the Minister considers necessary or expedient to determine whether it

(3) Prescribed charges and grants.

(4) Section 20 presently reads:

20 For the purposes of capital adequacy, Alberta Treasury Branches shall maintain its assets and liabilities in the manner and at the levels required by the regulations.

(5) Section 34(1) presently reads in part:

34(1) The Lieutenant Governor in Council may make regulations

(a) governing the maintenance by Alberta Treasury Branches of its assets and liabilities for the purposes of section 20;

(j) respecting fees for the purposes of section 14(2);

- (A) is complying or has complied with this Act or the regulations,
- (B) is in a sound financial condition, or
- (C) is following or has followed sound business and financial practices,

or

- (iii) to require Alberta Treasury Branches to implement any measure that the Minister considers necessary or expedient to the maintaining or improving of its financial safety and soundness;

Credit Union Act

Amends RSA 2000 cC-32

2(1) The *Credit Union Act* is amended by this section.

(2) Section 8(1)(b) is amended by striking out “6” and substituting “7”.

(3) Section 21(2)(b) and (4)(b) are amended by striking out “residential” and substituting “mailing”.

(4) Section 41(1)(c) is repealed and the following is substituted:

- (c) the full name and mailing address of each director,

Credit Union Act

2(1) Amends chapter C-32 of the Revised Statutes of Alberta 2000.

(2) Section 8(1)(b) presently reads:

8(1) The Lieutenant Governor in Council shall appoint a board of directors for the Corporation consisting of

(b) 6 other individuals,

(3) Section 21(2) and (4) presently read in part:

(2) The articles of incorporation must set out, in respect of the proposed credit union,

(b) the full name and residential address of each incorporator,

(4) The articles of incorporation must be accompanied with

(b) a notice that contains the full name and residential address of each of the proposed first directors,

(4) Section 41(1)(c) presently reads:

41(1) A credit union shall, within 30 days after its annual general meeting, provide to the Minister and the Corporation a return showing

- (c.1) the full name, mailing address, business address, business telephone number and office held in the credit union of each officer who is not a director,

(5) The following is added after section 48:

Member and customer complaints process

48.1 A credit union shall

- (a) establish written procedures to deal with complaints by its members and other customers,
- (b) designate an officer or a senior employee to be responsible for implementing those procedures, and
- (c) make those procedures available
 - (i) in the form of a brochure at locations where its products or services are offered,
 - (ii) on its websites, if any, through which its products or services are offered, and
 - (iii) in writing to any member or other customer who requests them.

(6) Section 60 is amended

- (a) **in subsection (1) by striking out** “and voting with respect to elections referred to in subsection (7)”;
- (b) **by repealing subsection (7).**

(7) The following is added after section 60:

Participation in general meetings involving non-physical presence

60.1(1) A credit union may by bylaw provide

- (a) that a member or any other person who is entitled to attend a general meeting may participate in the meeting (including voting) to the same but to no greater extent

(c) *the name and residential address of each director and of each officer who is not a director,*

(5) Member and customer complaints and procedures for dealing with them.

(6) Section 60(1) and (7) presently read:

60(1) This section applies to voting at general meetings and voting with respect to elections referred to in subsection (7).

(7) Subject to subsection (6), a member may cast the member's vote only if the member attends the general meeting, except that a credit union may by bylaw provide for voting by members with respect to elections of directors and officers other than by personal attendance at general meetings.

(7) Participation at general meetings by means of communication facility.

than if personally present, by means of a telephonic, electronic or other communication facility that complies with the regulations, if any, and that permits all persons participating in the meeting to communicate adequately with each other during the meeting, and

(b) for the making available of such a facility.

(2) Where the circumstances described in subsection (1) apply, then, for the purposes of this Act,

(a) there is deemed to be a meeting if there is otherwise no actual meeting at law, and

(b) persons who lawfully participate in the meeting by one of the means described in subsection (1) are deemed to be present at the meeting.

(8) Section 62 is amended

(a) in subsection (2)

(i) in clause (b) by adding “mailing” after “latest”;

(ii) by adding the following after clause (b):

(b.1) subject to subsection (2.1), sent by means of a system of electronic mail delivery,

(b) by adding the following after subsection (2):

(2.1) An electronic mail delivery system may not be used to send any of the following documents that are to be sent to a member except with the member’s prior written consent given generally or in respect of the particular communication:

(a) a notice of a meeting under section 58;

(b) a document to be sent pursuant to section 183.

(9) Section 64(1) is repealed and the following is substituted:

Election and appointment of directors

64(1) Directors of a credit union may only be elected at an annual general meeting except that, in a particular case, a

(8) Section 62 presently reads in part:

62(1) A notice or other document required by this Act or the regulations or the bylaws of a credit union to be provided to a member is sufficiently served, for the purposes of this Act, only if and to the extent that this section is complied with.

(2) The document may be

(b) sent by mail addressed to the member at the member's latest address as shown in the records of the credit union,

(9) Section 64(1) presently reads:

64(1) Subject to bylaws under section 60(7), the election of directors of a credit union must take place at its annual general meeting unless, in a particular case, a director is appointed or

director may be appointed or elected to fill a vacancy in another manner provided for by the bylaws or appointed pursuant to subsection (1.1).

(1.1) The bylaws may provide for the appointment by the board of a number of additional directors not exceeding 1/3 of the number of incumbent directors (excluding directors appointed under this subsection) as at the end of the previous annual general meeting, but the term of each such appointment may not extend beyond the annual general meeting next following the appointment.

(10) Section 74(4) is amended by striking out “or” at the end of clause (a), adding “or” at the end of clause (b) and adding the following after clause (b):

- (c) the director exercises the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(11) Section 80(6) is repealed.

(12) Section 82(1)(b) is amended by adding “forthwith after each of the committee’s meetings and in any case” after “to the board”.

elected to fill a vacancy in another manner provided for by the bylaws.

(10) Section 74(4) presently reads:

(4) A director is not liable under this section if

(a) the director proves that the director did not know and could not reasonably have known that the facts underlying the act authorized by the resolution were such as to occasion a contravention of the relevant law, or

(b) the director relies in good faith on

(i) financial statements of the credit union represented by any of its officers qualified to make such a representation or in a written report of its auditor as reflecting fairly the financial condition of the credit union, or

(ii) the written opinion or report of any of its professional advisors or officers qualified to give such an opinion or to make such a report.

(11) Section 80(6) presently reads:

(6) The audit, finance or audit and finance committee shall meet at least once in each quarter of the fiscal year.

(12) Section 82(1) presently reads:

82(1) Each of the committees is a committee of, and is responsible to, the board, and shall provide a written report of matters falling within its functions and duties

(a) to the annual general meeting, in respect of the previous fiscal year's business and affairs, and

(13) Section 109 is amended by adding “by the Minister” after “prescribed”.

(14) Section 128(1) is amended

- (a) by striking out “2 of the following 3” and substituting “of the following”;**
- (b) by adding the following after clause (c):**
 - (d) those persons are associated with each other within the meaning prescribed for the purposes of this Part.

(15) Section 133(5) is repealed and the following is substituted:

(5) Subsection (2) does not require prior credit union board authorization for a loan to, or a guarantee of the obligations of,

- (a) a director of the credit union or of a subsidiary,
- (b) a director of the credit union or of a subsidiary and either
 - (i) that director’s spouse or adult interdependent partner, or
 - (ii) a relative of that director or of that spouse or adult interdependent partner, having the same home as that director,

or

(b) *to the board,*

(i) *at least once a month, in the case of the credit committee,
and*

(ii) *at least once a quarter, in the case of the audit and
finance committees,*

in respect of the business and affairs of the previous period.

(13) Section 109 presently reads:

109 A credit union shall maintain adequate capital, as prescribed.

(14) Section 128(1) presently reads:

*128(1) In this Part, a person is connected with another person if
any 2 of the following 3 conditions are or would be met in respect of
loans to those persons:*

(a) *the source of repayment of the loans would be wholly or
substantially dependent on a common source of money;*

(b) *the loans would be, in substance, a single loan or would
substantially serve the same purpose in the same or a related
transaction;*

(c) *the loans would be dependent on the same security.*

(15) Section 133 presently reads in part:

*133(1) A credit union or its subsidiary shall not directly or
indirectly guarantee the obligations of*

(a) *a party related to the credit union except in accordance with
subsection (2), or*

(b) *a person who ceased to be a party related to that credit union
during the previous 12 months, unless the proposed
guarantee has been approved by the board of the credit union
and is at fair market rate.*

*(2) Subject to this Part, a credit union or a subsidiary may, if the
board of the credit union has previously authorized the transaction,
make a loan to, or guarantee the obligations of, a related party, so
long as the loan or guarantee*

(c) a corporation

(i) more than 10% of whose voting shares are held or beneficially owned, directly or indirectly, or

(ii) that is controlled

by a director of the credit union or by any other individual referred to in respect of that director in clause (b) or by any combination of such individuals,

if that board has previously passed a resolution requiring the reporting of such a transaction to the Corporation forthwith after its making.

(5.1) In construing subsections (1)(a), (2) and (5), a combination of individuals referred to in subsection (5)(b) or a corporation referred to in subsection (5)(c) that is not, is nevertheless deemed to be, a related party.

(16) Sections 183(1)(b) and 184(3)(d) are amended by striking out “residential” and substituting “mailing”.

(17) Section 231 is amended by adding the following after clause (b):

(b.1) respecting the collection, disclosure and use, or any of them, of personal information or other information that is necessary for the administration or enforcement of this Act;

(b.2) designating a person to act as ombudsman, for the term set in writing by the Minister, to review and deal with

(a) is made at fair market rate,

(b) does not exceed the amount, if any, prescribed, and

(c) is otherwise consistent with this Part.

(5) Subsection (2) does not require prior board approval for a loan to, or a guarantee of the obligations of, a director of the credit union.

(16) Sections 183(1) and 184(3) presently read in part:

183(1) To effect a voluntary amalgamation, the credit unions proposing to amalgamate must enter into an agreement with each other setting out the terms of and the means of effecting the amalgamation and, without limiting the foregoing, setting out

(b) the full name and residential address of each proposed director of the amalgamated credit union,

184(3) The articles of amalgamation must be accompanied with

(d) a notice containing the full name and residential address of each of the proposed directors of the amalgamated credit union.

(17) Additional Ministerial regulation-making powers.

complaints made by members and other customers that are not internally resolved within a credit union under section 48.1, and respecting the rights, duties, functions and liabilities of the ombudsman and the fees payable for the ombudsman's services, and respecting general governance in respect of the ombudsman;

- (b.3) respecting the manner of and conditions for participating in general meetings contemplated by section 60.1(1) by means of a facility referred to in that section;

RECORD OF DEBATE

Stage	Date	Member	From	To
Stage	Date	Member	From	To
Stage	Date	Member	From	To
Stage	Date	Member	From	To