

AOTEAROA CREDIT UNION
SPECIAL GENERAL MEETING

SUMMARY OF RULE CHANGES

Members will be asked to approve changes to the rules of Aotearoa Credit Union ("Rules") at this Special General Meeting. The Rule changes are being proposed to enable Aotearoa Credit Union to transition from the Securities Act regime to the new regime under the Financial Markets Conduct Act. The Rule changes also update various provisions relating to the qualification of directors, as required by the Non-bank Deposit Takers Act 2013 ("NBDT Act").

Language Update

Throughout the Rules it is proposed that references to the Securities Act will be replaced with references to the Financial Markets Conduct Act.

Elections

There are now more strict governance requirements imposed on credit unions with respect to the suitability of directors.

It is proposed that the Rules be modified so that, immediately following the election of directors, the names of the elected directors be forwarded to the Reserve Bank. The newly elected directors are only to take up their positions as directors following the notice to the Reserve Bank. If any suitability concerns are raised in connection with any director, that director can only take up office if the Reserve Bank issues a notice of non-objection in connection with that director. This is in addition to the NBDT Act requirements.

Right of Voting

The Rules relating to voting have been amended to specifically provide for proxy votes where there is a special resolution proposed. This is required by the Friendly Societies and Credit Unions Act.

Appointment of Auditor

The Rules will be amended to provide that the Credit Union can only appoint an independent auditor who must be licensed under the Auditor Regulation Act 2011. This is required under the Financial Markets Conduct Act.

Disqualification of Directors or Trustees

An additional ground of disqualification has been added. This is where the director is removed from office by any applicable legislation, including by the Reserve Bank issuing a notice that the director is unsuitable, under the NBDT Act.

Disputes

As a financial service provider, the Aotearoa Credit Union is required to be a member of a dispute resolution scheme. The procedures in the Rules relating to how disputes between the credit union and a member are dealt with are proposed to be updated to provide for the matter to be dealt with first through the dispute resolution scheme and, only if that fails, will the parties proceed to arbitration.