

Service One Mutual Limited

CONSTITUTION (as at 25 November 2015)

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Preamble

SERVICE ONE Mutual LIMITED

Service One Mutual Limited is a public company limited by shares.

The mutual is organised on the basis of Principles of Mutuality.

Principles of Mutuality

Customers Must be Members

- 1 Subject to the exceptions in Principles 2 and 3, a mutual may not provide products and services to a person who is not a member.
- 2 A mutual may provide products or services to a body that does not have power to acquire, or that the law prohibits from acquiring, the mutual's shares.
- 3 In these Principles of Mutuality 'credit union' includes a mutual that is not a credit union.

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 of any class 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 general meetings of the credit union's members.

Dividends and Surplus

- 11 A member share may confer a right to participate in the credit union's profits through payment of dividends.
- 12 A member share must confer a right to participate in surplus when the credit union is wound up.
- 13 Any participation in profit or surplus must be on equitable terms.

Redemption and Transfer

14. A member share must confer on the member a right to redeem the member share on request, subject only to any period of notice set out in the credit union's constitution.
15. Subject to the exceptions in Principle 16, member shares may not be transferred.
16. A trustee for an unincorporated association may transfer the member share that the trustee holds on trust for the unincorporated association.

Additional Shares*Definition*

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

Issue of additional shares only to members

18. 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

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

21. An additional share may confer the right to participate in the credit union's profits through payment of dividends.
22. 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.
23. 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

24. 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.
25. 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

26. 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

27. 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:

board means the board of *directors*

director means a director for the time being of the *mutual*

Director Nominations Committee means the committee established by the *board* in accordance with Appendix 6

Fit and Proper Policy means the policy, as amended from time to time, made by the *board* under Rules 14.1(c)

general meeting means a general meeting of the *members*

material personal interest has the same meaning as in Part 2D.1 of the *Corporations Act 2001*

member means a person whose name the *mutual* has entered for the time being in the Register of Members it keeps under the *Corporations Act 2001*

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

primary products or services means the products or services available from the *mutual* that are determined from time-to-time by *board* resolution to be primary products or services for the purposes of the Constitution.

mutual means Service One Mutual Limited ACN 095 848 598.

secretary means a secretary for the time being of the *mutual*

subscription price means the amount payable by a person on subscription for a *member share*

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 Act 2001* 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:
 - (i) that replaces it; or
 - (ii) 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 *mutual* complying with the *Corporations Act 2001* 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 *mutual's* registered office.

1.4 Replaceable Rules do not Apply

The replaceable rules in the *Corporations Act 2001* do not apply.

1.5 Notices

- (1) This Rule applies to all notices and documents that the *Corporations Act 2001* 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 giving a notice must do so in writing and must address it to the recipient at the following respective addresses:
 - (a) if to the *mutual* — at its registered office or such other address as the *mutual* 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.

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

- (4) A person may deliver 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:

<i>Delivery Method</i>		<i>Time Person Receives Notice</i>
	Column 2	Column 3
1	Hand delivering the notice personally	<p>The other person receives the notice:</p> <ul style="list-style-type: none"> (i) if hand delivered before 5:00pm on a <i>business day</i> — on that <i>business day</i> (ii) if hand delivered after 5:00pm on a <i>business day</i> — on the next <i>business day</i> (iii) if hand delivered on a day other than a <i>business day</i> — on the next <i>business day</i>
2	Sending the notice by pre-paid post	The other person receives the notice on the third <i>business day</i> after posting unless it is actually delivered earlier
3	Sending the notice by facsimile transmission	<p>The other person receives the notice:</p> <ul style="list-style-type: none"> (i) if sent before 5:00pm on a <i>business day</i> — on that <i>business day</i> (ii) if sent after 5:00pm on a <i>business day</i> — on the next <i>business day</i> (iii) if sent on a day other than a <i>business day</i> — on the next <i>business day</i> <p>This rule does not apply where the person sending the facsimile has evidence that the transmission was unsuccessful</p>
4	Sending the notice by electronic means	<p>The other person receives the notice:</p> <ul style="list-style-type: none"> (i) if sent before 5:00pm on a <i>business day</i> — on that <i>business day</i> (ii) if sent after 5:00pm on a <i>business day</i> — on the next <i>business day</i> (iii) if sent on a day other than a <i>business day</i> — on the next <i>business day</i> <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 *mutual* has the objects set out in Appendix 1.

2.2 Customers Must be Members

The *mutual* may only provide product or services to its *members*. However, this Rule does not apply to bodies that do not have the power to acquire, or that the law prohibits from acquiring, the *mutual's* shares.

Division 3. — Membership

3.1 Admission to Membership

- (1) Subject to any other Rule allowing admission of *members*, the *mutual* may admit a person as a *member* only if:
 - (a) the person makes a written application in a form the *mutual* requires;
 - (b) the person applies for a *member share* and, where there are different classes of member shares, the person specifies the class of member share being applied for; and
 - (c) the person pays in cash the *subscription price* for the *member share*.

Note: The *mutual* may also admit a person as a *member* by registering a transfer or transmission of a *member share* to the person under Rule 9.3, Rule 10.1, Rule 10.2 or Rule 10.3.

- (2) The *board* has an absolute discretion in exercising the *mutual's* power to admit *members* without any obligation to give a reason for not admitting a person as a *member*.
- (3) When the *mutual* admits a person as a *member*, the *mutual* 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 Act* 2001; 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, employees or committees comprising of officers and/or employees of the *mutual*. The delegation must not contain an authority:

- (a) to reject an application, such applications being forwarded to the board for consideration; or
- (b) to further delegate the power to admit *members*.

3.3 Joint Members

- (1) The *mutual* may admit 2 or more persons eligible for admission under Subrule 3.1(1) as a joint *member* of the *mutual*.
- (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 *mutual* 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 *mutual* 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 *mutual* a notice requiring the *mutual* 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 *mutual* must change the Register of Member as soon as practicable after receiving the notice.
- (5) Any person constituting a joint *member* may give an effective receipt for any dividend, distribution on winding-up or return of capital in relation to the joint *member's* shares.
- (6) 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.

Division 4. — Termination of Membership

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

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

- (a) the *mutual* redeems the *member's member share* under Rule 4.2, Rule 4.3 or Rule 4.4;
- (b) the *mutual* forfeits the *member's member share* under Subrule 6.3(2);
- (c) the *member* surrenders the *member's member share* under Subrule 6.3(5);
- (d) if the *member* is an individual — the *member*:
 - (i) dies;
 - (ii) becomes a bankrupt and the *mutual* registers the *member's* trustee in bankruptcy as the holder of the *member's member share* under Rule 10.2; or
 - (iii) becomes mentally incapable and the *mutual* registers the *member's* trustee or guardian as the holder of the *member's member share* under Rule 10.3;
- (e) if the *member* is a body corporate — the *member* is deregistered or dissolved; or
- (f) if the *member* is a trustee for an unincorporated association — the *mutual* registers the transfer of the *member's member share* to another person who is to act as trustee for the unincorporated association.

4.2 Member's Request for Termination

- (1) A *member* may request termination of membership but only upon the *member* making a written statement in a form the *mutual* requires confirming the *member* obtains no products or services from the *mutual*.
- (2) If a *member* makes a request under Subrule (1), the *mutual* must redeem the *member's member share* as soon as practicable after receiving the request. However, the *mutual* may defer redeeming the *member's member share* until the *board* is satisfied that the *member* obtains no products or services from the *mutual*.

4.3 Termination by the Board

- (1) The *mutual* may redeem a *member's member share* by *board* resolution if:
 - (a) the *member* fails to discharge the *member's* obligations to the *mutual*;
 - (b) the *board* reasonably considers that the *member's* conduct is detrimental to the *mutual*; or
 - (c) the *member* obtains membership by misrepresentation or mistake.

- (2) Unless the *mutual* redeems a *member's member share* under Subrule 1(b), the *mutual* must give notice of the proposed resolution under Subrule (1) to the *member* at least 14 days before considering the proposed resolution. No prior notice needs to be given to a *member* to redeem the *member's member share* under Subrule (1)(b).
- (3) At the time the *board* considers the proposed resolution other than a resolution under Subrule (1)(b), the *member* is entitled:
 - (a) to be present with or without the *member's* legal representative; and
 - (b) to be heard, either in person or through the *member's* legal representative.
- (4) On redeeming the *member share*, the *mutual* may pay the amount payable on redemption of the *member share* to the *member* by sending a cheque to the *member's* address as set out in the Register of Members at the time the *member share* is redeemed.

4.4 Termination by the Mutual where a member is inactive

- (1) The *mutual* may:
 - (a) determine that the member is inactive; and
 - (b) redeem the member's member share,by **board** resolution where the **board** is satisfied that the **member** has obtained no **primary products or services** from the mutual in the 36 month period before the date of the resolution.
- (2) The *mutual* must send notice of the proposed resolution under Subrule 4.4(1) 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.
- (3) On redemption of the *member share*, the *mutual* must pay the amount payable on redemption of the *member share* to the *member*.
 - (a)
- (4) The *board* may delegate its power to make a determination under Rule 4.4(1)(a) or redeem a *member's member share* under Rule 4.4(1)(b) to a officers, employees or committees comprising of officers and/or employees of the *mutual*. The delegation must not contain an authority to further delegate the relevant power.

Division 5. — Issue of Shares

5.1 Classes of Shares

The *mutual* may only issue *member shares*.

5.2 Board Power to Issue Shares

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

5.3 Restrictions on Issue of Member Shares

- (1) The *mutual* 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 *mutual* may only issue *member shares*:
 - (a) to persons who are not minors on the basis that the person pays the full *subscription price* in cash on issue; and
 - (b) to minors who applied for admission before 10 December 2014, on the basis that the minor pays 20% of the subscription price in cash on issue and to other minors on the basis that the minor pays the full subscription price in cash on issue.
- (3) The *mutual* may only issue 1 *member share* to any person. However, the *mutual* may issue to a trustee for an unincorporated association:
 - (a) 1 *member share* to the trustee in the trustee's own right; and
 - (b) 1 *member share* to the trustee as trustee for the unincorporated association.
- (4) Where there are different classes of *member shares*, the *mutual* shall issue a person the class of *member share* that the person applies for under subrule 3.1(1)(b) and a person cannot hold more than 1 class of member shares at one time.

Division 6. — Calls, Forfeiture and Liens

6.1 Payment of Calls on Shares

- (1) This Rule applies if some or all of the *subscription price* for a share is payable on the *mutual* calling up payment of some or all of the unpaid *subscription price*. This Rule applies in relation to a share subject to:
 - (a) any restrictions in this Constitution; and
 - (b) any *special resolution* providing that the *mutual* can only call up some or all of the *subscription price* for shares if the *mutual* becomes an externally-administered body corporate.
- (2) The *mutual* may call for payment of any amount of the unpaid *subscription price* for a share by *board* resolution. The *mutual* must give a *member* holding a share on which the *mutual* has made a call a notice setting out how much, when and how the member must make the payment. The *mutual* must give the notice at least 14 days before the time the *member* must pay the call.
- (3) The *mutual* may revoke or postpone a call on a share by *board* resolution. The *mutual* must give each *member* holding a share for which the *mutual* has revoked or postponed a call notice as soon as practicable after the *board* resolution.
- (4) In any proceeding to recover unpaid instalments, a *member* is conclusively presumed to be liable for a call if:
 - (a) the *mutual's* minutes record the *board* resolution calling for payment of the amount of the call;
 - (b) the *member's* name appeared in the Register of Members as holder of the share on the date of the *board* resolution; and
 - (c) the *mutual* gave the *member* a notice in accordance with Subrule (2).
- (5) At any time, the *mutual* may accept from a *member* prepayment of any amount of the unpaid *subscription price* on a share.

6.2 Effect of Failure to Pay Unpaid Amounts

- (1) This Rule applies if a *member* does not pay any amount of the unpaid *subscription price* for a share at the time the amount becomes due. This Rule does not limit any other remedies that the *mutual* may have against the *member*.
- (2) The *member* must pay:
 - (a) the amount due on the share; and
 - (b) all costs and expenses that the *mutual* incurs (including, without limitation, legal expenses on a solicitor and own client basis or full indemnity basis, whichever is the higher) because the *member* did not pay the amount when it became due.

The *mutual* may waive all or part of the expenses payable under this Subrule by *board* resolution.

- (3) At any time while the amount payable under Subrule (2) remains unpaid in respect of a share, the **mutual** may give the **member** a default notice:
- (a) setting out:
 - (i) how much is due; and
 - (ii) when the **member** must pay the amount due; and
 - (b) stating that, if the **member** does not pay the amount due by the that date, the **member** will forfeit the share.

The date for payment must be at least 14 days after the date on which the **mutual** gives the **member** the default notice. In the absence of any manifest error, the default notice is conclusive evidence of the amount that the **member** must pay the **mutual** as at the date the **mutual** issues the default notice.

6.3 Forfeiture and Surrender

- (1) If a **member** does not comply with the default notice issued under Subrule 6.2(3), the **mutual** may forfeit any share to which the default notice relates by **board** resolution. However, the member may always comply with the default notice at any time before forfeiture occurs.
- (2) The **mutual** may give the **member** a notice of forfeiture. In the absence of a manifest error, the notice is conclusive evidence of the facts stated in the notice against all persons claiming to be entitled to the share.
- (3) The forfeited shares become the **mutual's** property. The **mutual** may redeem, sell or otherwise dispose of the forfeited shares on the terms and in the manner that the **board** determines.
- (4) The transferee's title is not affected by any irregularity or invalidity in connection with the forfeiture, sale or disposal of the shares. The transferee is not required to see the application of the purchase money.
- (5) A **member** may surrender any share to which a default notice relates. The **mutual** may deal with surrendered shares in the same way as it deals with forfeited shares.
- (6) A **member** whose shares have been forfeited remains liable to pay the **mutual** the amounts due:
 - (a) less any amount that the **mutual** must pay the **member** on redemption of the shares; and
 - (b) less any amount that the **mutual** receives on sale or disposal of the forfeited shares.

6.4 Liens

- (1) The **mutual** may at any time exempt a share wholly or in part from this Rule by **board** resolution.
- (2) The **mutual** has a first and paramount lien on:
 - (a) every partly-paid share that a **member** holds; and
 - (b) the proceeds of sale of every partly paid share that the **member** holds; and
 - (c) dividends payable on every partly-paid share that the **member** holds,
 for all amounts, whether presently due or not:

- (d) payable in relation to the share; or
 - (e) that the *member* or the *member's* estate otherwise owes to the *mutual*.
- (3) If an amount secured by a lien in Subrule (2) is presently due, the *mutual* may give the holder of the share a sale notice:
- (a) setting out:
 - (i) how much is due; and
 - (ii) when the *member* must pay the amount due; and
 - (b) stating that, if the *member* does not pay this amount by that date, the *mutual* may sell the share.

The date for payment must be at least 14 days after the date on which the *mutual* gives the *member* the sale notice. In the absence of any manifest error, the sale notice is conclusive evidence of the amount that the *member* must pay the *mutual* as at the date the *mutual* issues the sale notice.

- (4) If a *member* does not pay the amount due by the date stated in the sale notice under Subrule (3), the *mutual* may sell the shares on the terms and in the manner that the *board* determines. The *mutual* may:
- (a) execute a share transfer to give effect to a sale of the shares; and
 - (b) register the transferee as the holder of the shares.

The transferee's title is not affected by any irregularity or invalidity in connection with the sale of the shares. The transferee is not required to see the application of the purchase consideration.

- (5) A *member* whose shares have been sold remains liable to pay the *mutual* all amounts that the *member* or the *member's* estate owes to the *mutual*, whether or not presently due, less any consideration that the *mutual* receives on sale of the shares.

Division 7. — Dividends

7.1 No Payment of Dividends

No dividends will be payable by the *mutual*.

Division 8. — Share Certificates

The *mutual* is not required to issue share certificates in relation to member shares.

Division 9. — Transfer of Shares

9.1 Form of Share Transfer

Subject to A 3-9(2) of Appendix 3, a *member* wishing to transfer the *member's* shares must use a share transfer that complies with the following requirements:

- (a) the share transfer relates to 1 class of shares only;
- (b) the share transfer is in writing; and
- (c) the share transfer is:
 - (i) in a form that the *board* approves; or
 - (ii) in any other usual or common form.

Note: Subrule 9.3(1) prevents the *mutual* registering share transfers in some situations, even though the share transfer complies with the requirements set out in this Rule.

9.2 Ownership of Share Transfer

On receiving a share transfer (or a document that appears to be a share transfer), the *mutual* becomes the owner of the share transfer and has a right to exclusive possession of the share transfer.

9.3 Registration of Share Transfer

- (1) The *mutual* must not register a share transfer if:
 - (a) the terms of issue for the shares prohibit the transfer of the shares to the transferee;
 - (b) the share transfer is not in the form set out in Rule 9.1;
 - (c) if the transfer of shares is dutiable — the share transfer is not duly stamped; or
 - (d) the terms of clause A3-9(1) of Appendix 3 prohibit transfer.
- (2) The *mutual* may refuse to register a share transfer unless:
 - (a) the shares are fully-paid;
 - (b) the *mutual* does not have a lien on the shares;
 - (c) the transferor has executed the share transfer;
 - (d) the transferee has executed the share transfer;
 - (e) the *board* has all information that it reasonably requires to establish the right of the transferor to transfer the shares; and
 - (f) the *board* has all information that it reasonably requires to establish that the transferee agrees to be a *member* of the *mutual*.

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- (3) The transferor of shares remains the holder of those shares until the *mutual* enters the transferee's name as holder of those shares in the Register of Members.

9.4 Powers of Attorney

- (1) The *mutual* may assume that a power of attorney authorising the attorney to transfer some or all of the *member's* shares that a *member* appears to have granted:
- (a) is a valid and effective grant of the power it appears to grant; and
 - (b) continues in full force and effect.
- (2) The *mutual* may rely on the power of attorney until it receives a notice informing it that:
- (a) the power of attorney has been revoked; or
 - (b) the *member* has died.

9.5 Suspension of Registration

The *board* may suspend the registration of share transfers at the times and for the periods it determines. The periods of suspension must not exceed 30 days in any 1 calendar year.

Division 10. — Transmission of Shares

10.1 Transmission of Shares on Death

- (1) On the death of a *member*, the *mutual* may recognise either the personal representative of the deceased *member* or another person who appears to the *board* to be entitled to the deceased *member's* estate as being entitled to the deceased *member's* interest in the shares.
- (2) If the personal representative gives the *board* the information it reasonably requires to establish an entitlement to be registered as holder of the *member's* shares, the personal representative may elect to:
 - (a) be registered as the holder of the shares; or
 - (b) apply to terminate the membership.

10.2 Transmission of Shares on Bankruptcy

If the trustee of a bankrupt *member's* estate gives the *board* the information it reasonably requires to establish the trustee's entitlement to be registered as holder of the *member's* shares, the trustee may require the *mutual* to register the trustee as holder of the *member's* shares.

10.3 Transmission of Shares on Mental Incapacity

If a person entitled to shares because of a *member's* mental incapacity gives the *board* the information it reasonably requires to establish the person's entitlement to be registered as a holder of the *member's* shares:

- (a) the person may require the *mutual* to register the person as holder of the *member's* shares; and
- (b) whether or not registered as the holder of the shares, the person has the same rights, obligations and restrictions as the *member*.

Division 11. — Holding Members' Meetings

11.1 Calling Meetings of Members

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

11.2 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 *mutual* 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.

11.3 Proceedings at Members' Meetings

- (1) The quorum for a *members'* meeting is:
 - (a) 25 *members* present in person; or
 - (b) if less than 50 *members* are eligible to attend and vote at a *member's* meeting — 50% of the *members* eligible to attend and vote at the *member's* meeting,

Note: Paragraph (b) may apply in relation to meetings of classes of members, where the only members eligible to attend the meeting are members of the relevant class.

- (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 12. — Voting at Members' Meetings

12.1 Voting

- (1) Subject to this Constitution, each holder of a *member share* personally has 1 vote regardless of the number of *member shares* the *member* held.
- (2) A resolution put to the vote at a *members'* meeting must be decided on a show of hands unless a poll is demanded.
- (3) Before a *member's* meeting votes on a resolution, the chair must inform the meeting:
 - (a) how many proxy documents the *mutual* 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.
- (4) 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.
- (5) The chair does not have a casting vote in addition to his or her deliberative vote.

12.2 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.

12.3 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.

12.4 Body Corporate Representatives

- (1) A *member* that appoints a body corporate representative must give the *mutual*:
 - (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 Act 2001*, the representative may exercise the *member's* right to vote in a ballot to appoint *directors* by election.

12.5 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 *mutual* 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; or
 - (b) the *member* is mentally incapacitated;
 - (c) the *member* revokes the proxy's appointment;
 - (d) the *member* revokes the authority under which the proxy was appointed by a third party; or
 - (e) the *member* transfers the share in respect of which the *member* or a third party appointed the proxy.

12.6 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.

12.7 Variation and Cancellation of Class Rights

The rights attaching to a class of *share* may only be varied or cancelled as a consequence of the operation of clause A3-1 of Appendix 3 –or by a special resolution of the *mutual* and by a special resolution of the *members* holding shares of the class.

12.8 Notice of Variation or Cancellation

The *mutual* must give written notification of the variation or cancellation to all *members* of the class affected within 7 days after the variation or cancellation is made.

Division 13. — Directors — Appointment & Vacation of Office

13.1 Number of Directors

- (1) The *mutual* must have no more than 10 *directors*.

13.2 Eligibility to be a Director

- (1) An individual is eligible to be a *director* if the person:
 - (a) is a *member*;
 - (b) has continuously been a *member* for a period of at least 2 years or for any shorter period the *board* may determine applies to a particular individual;
 - (c) has not had a personal representative or trustee appointed to administer the person's estate or property because of their mental incapacity;
 - (d) is not otherwise disqualified from being a *director* by any law; and
 - (e) is not prevented from holding office by the operation of Subrule 13.7(d).

13.3 Appointment by Members — Election

- (1) The *members* may appoint a person a *director* by an election under the provisions of Appendix 5.
- (2) The total number of *directors* appointed by the *members* under clause 13.3(1) will be determined by the *board* from time to time, but will be no less than 5 and no more than 9.
- (3) A person will be ineligible to be a candidate for election as a director under this Rule 13.3 unless the Director Nominations Committee determines that the person satisfies the requirement of Rule 13.2 and is of appropriate fitness and propriety to be and act as a director, by reference to the board's 'Fit and Proper Policy' in accordance with Appendix 5.

13.4 Appointment by Board

- (1) The Board may appoint 1 person as a director.
- (2) The term of office for a director appointed under Subrule 13.4(1) is 1 year.

13.5 Appointment by Board — Casual Vacancies

- (1) In addition to the power of appointment granted by clause 13.4, the *board* may appoint a person to be a *director* if a *director's* office becomes vacant other than because the *director's* term of office has ended, but the *board* may only appoint a person who is eligible to be a *director* under Rule 13.2.
- (2) The term of office for a *director* appointed under Subrule (1) 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.

13.6 Term of Office

- (1) At each AGM the following directors must retire from office:
 - (a) one third of the **directors** for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest one third; and
 - (b) any other **director**, who has been in office for 3 years or more since that **director's** election or last re-election as a **director**.
- (2) The **directors** to retire at an AGM are those who have been longest in office since their last election. If 2 or more persons became **directors** on the same day, those to retire must be determined by lot unless they otherwise agree among themselves.

13.7 Automatic Vacation of Office

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

- (a) dies;
- (b) ceases to be eligible to be a **director** under Rule 13.2;
- (c) is absent from 3 consecutive ordinary meetings of the **board** without leave; or
- (d)
 - (i) is not the chair of the mutual and has been a director for 15 years;
 - (ii) ceases to be the **chair** of the **mutual** and has been a **director** for longer than 15 years; or
 - (iii) has been a **director** for 16 years.

The **board** may by resolution waive or, for a specified time period, postpone the application of Rule 13.7(d)(i) or (ii) to a particular **director**. A **director** is not entitled to vote on a resolution to waive or postpone Rule 13.7(d)(i) or (ii) if the **director** is the subject of the resolution, and a resolution for the purposes of this Rule means a resolution of all **directors** present and being a quorum other than that **director**.

Neither the **board** nor the **general meeting** may waive the operation of Rules 13.7(a) to (c) (inclusive) or Rule 13.7(d)(iii).

(ii)

13.8 Resignation

- (1) A **director** may resign by giving the **mutual** notice of the **director's** resignation.
- (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 **mutual** receives the notice of resignation.

13.9 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 13.2;
 - (b) is not a *director*; and
 - (c) is not an *alternate* for another *director*.
- (3) A *director* (but not an *alternate*) may give the *mutual* 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 *mutual* to give notices of *board* meetings to the *alternate*; and
 - (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 *mutual*. 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 *mutual* only has to give notice of *board* meetings to the *alternate* if the *appointor* has given the *mutual* a notice requiring it to do so.

Note: See Rule 15.1 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 *mutual* 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 15.2 in relation to quorum at a *board* meeting. See Rule 15.4 in relation to voting on resolutions at *board* meetings. See Rule 16.2 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 15.5 refers to:

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- (a) if the *appointor* notifies the *mutual* 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 *mutual* 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 *mutual*. This does not affect any right to remuneration that the *alternate* may have against the *appointor*.

Note: See Rule 17.1 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 13.6 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 13.7 and Rule 13.8.

Division 14. — Directors' Powers

14.1 Powers and Duties of the Board

The *board*:

- (a) manages the *mutual's* business; and
- (b) may exercise all the powers of the *mutual* except any powers that the *Corporations Act 2001* or this Constitution expressly allocates to the *general meeting*; and
- (c) will make and maintain a *Fit and Proper Policy* specifying the requirements of fitness and propriety needed to act as *director* of the *mutual*. The *board* may amend the *Fit and Proper Policy*.

14.2 Negotiable Instruments

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

14.3 Delegation

- (1) The *board* may delegate any of its powers to any committee or any other person or persons, subject to Rule 3.2. The *board* may permit the delegate to sub-delegate any powers delegated to them.
- (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 *mutual'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.

14.4 Restriction on power of the board

In spite of Rule 14.1(b), the *board* may only authorise the *mutual* to:

- (1) transfer, or create a legal, beneficial or security interest in, the whole or substantially the whole of the *members'* funds comprising the *members'* reserves or capital (based on the *mutual's* latest report given to the Australian Securities and Investments Commission prior to the transfer); or
- (2) transfer the whole or substantially the whole of the *mutual's* business;

where the transaction:

- (3) is in the ordinary course of the *mutual's* business; or

- (4) has prior approval of a special resolution of *members*, or if the requirement in Appendix 2 applies to the transaction, the *mutual* has complied with the Demutualisation Approval Procedure specified in Appendix 2.

Division 15. — Directors' Meetings

15.1 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.

15.2 Quorum of Board

- (1) The quorum for a *board* meeting is not less than one half the total number of *directors* 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 15.5.

15.3 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).

15.4 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.

15.5 Circulating Resolutions

- (1) The *board* may pass a resolution without a *board* meeting if all of the *directors* entitled to vote on the resolution sign a document containing a statement that they are in favour of the resolution set out in the document.
- (2) Separate copies of a document may be used for signing by different *directors* if the wording of the resolution and statement is identical in each copy.
- (3) The resolution is passed when the last *director* signs.

15.6 Committees of Directors

- (1) Subject to any law which applies to the *mutual* 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 16. — Conflicts of Interest

16.1 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 *mutual's* affairs:
 - (i) complies with the requirements of the *Corporations Act 2001* in relation to disclosure of the nature and extent of the interest and its relation to the *mutual's* affairs before acting in a matter that relates to the interest; and
 - (ii) may be present and vote on the matter under the *Corporations Act 2001*.
- (2) The *director* is not in breach of his or her duties to the *mutual* 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 *mutual* 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.

16.2 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 Act 2001* in relation to disclosure of the nature and extent of the interest and its relation to the *mutual's* affairs; but
 - (b) must not be present and vote on the matter under the *Corporations Act 2001*.
- (2) The *director* is not in breach of duty to the *mutual* 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 *mutual* 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.

16.3 Execution of Instruments

A *director* may participate in the execution of an instrument for the *mutual*, 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 Act 2001* in relation to disclosure of the nature and extent of the interest and its relation to the *mutual's* affairs; and
- (b) whether or not the *director* may be present and vote in relation to the execution of the instrument under the *Corporations Act 2001*.

Division 17. — Remuneration, Indemnity and Insurance

17.1 Remuneration of Directors

- (1) In any financial year, the remuneration of *directors* may not exceed the aggregate amount that the *general meeting* determines by resolution.
- (2) The *board* may determine the allocation of the aggregate amount of remuneration among the *directors*. If the *board* does not determine the allocation, the aggregate amount of remuneration must be allocated equally among the *directors*.
- (3) The *directors'* remuneration accrues daily from the day that the *general meeting* approves the remuneration to the day that the *general meeting* next determines the *directors'* remuneration.

17.2 Travelling Expenses and Insurance

In addition to any remuneration to which a *director* may be entitled, the *mutual*;

- (a) may also pay a *director's* travelling and other expenses that the *director* properly incurs:
 - (i) in attending *board* meetings or any meetings of committees of *directors*;
 - (ii) in attending any *members'* meetings; and
 - (iii) otherwise in connection with the *mutual's* business
- (b) must also pay, whilst the *director* is an *officer* of the *mutual* and for 7 years after the *director's* resignation or retirement, subject to the *Corporations Act 2001*, insurance premiums for a contract that insures the *director* against liabilities that the *director* incurs as an officer of the *mutual*.

17.3 Indemnities for Officers and Former Officers

- (1) In this Rule *indemnified person* means an officer or agent, or former officer or agent, of the *mutual*.
- (2) To the extent that the *Corporations Act 2001* permits:
 - (a) the *mutual* must indemnify an *indemnified person* against any liability that the *indemnified person* incurs in conducting the *mutual's* business or exercising the *mutual's* powers as an officer or agent of the *mutual*; and
 - (b) the *mutual* 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 Subrule (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 *mutual*, even though a claim is made against the *indemnified person* after they have ceased to be an officer or agent of the *mutual*.

Division 18. — Administration

18.1 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.

18.2 Secretary

Subject to Rule 18.3, 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.

18.3 Resignation of Secretary

- (1) A *secretary* may resign by giving the *mutual* 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 *mutual* receives the notice of resignation.

Appendix 1 — Objects

- (1) The **mutual** has the following objects:
- (a) to encourage savings amongst **members**;
 - (b) to promote co-operative and social enterprise;
 - (c) to provide programs and services to **members** to assist them to meet their financial, economic and social needs;
 - (d) 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
 - (e) to further the interests of **members** and the communities within which they work and live through co-operation with:
 - i. other mutuals and co-operatives; and
 - ii. associations of mutuals and co-operatives;
- locally and internationally.

Appendix 2 — Demutualisation Approval Procedure Rules

Division 1 – Introduction

A2-1 When the Demutualisation Approval Procedure Rules Apply

(1) This Appendix applies in the following situations:

(1)	Modification or Repeal of Constitution	<p>the <i>mutual</i> proposes to modify or repeal this Constitution where the effect of the modification or repeal is:</p> <ul style="list-style-type: none"> (a) to vary any of: <ul style="list-style-type: none"> (i) the terms on which it issues shares; or (ii) the rights and restrictions attaching to its shares, so that they are inconsistent with those set out in the <i>Principles of Mutuality</i>; (b) to enable the <i>mutual</i> to issue shares where: <ul style="list-style-type: none"> (i) the terms on which it issues the shares; or (ii) the rights and restrictions attaching to the shares, are inconsistent with those set out in the <i>Principles of Mutuality</i> (whether or not any shares are so issued); (c) to vary any of the rights, obligations or restrictions attaching to membership so that they are inconsistent with those set out in the <i>Principles of Mutuality</i>; (d) to enable the <i>mutual</i> to admit members where the rights, obligations or restrictions attaching to membership are inconsistent with those set out in the <i>Principles of Mutuality</i> (whether or not any members are so admitted) (e) that the <i>mutual's</i> Constitution is otherwise inconsistent with the <i>Principles of Mutuality</i>.
(2)	Issue of Shares or Admission of Members	<p>the <i>mutual</i> (whether acting through its <i>board</i>, its <i>members</i> or otherwise) proposes:</p> <ul style="list-style-type: none"> (a) to issue shares where: <ul style="list-style-type: none"> (i) the terms on which it issues the shares; or (ii) the rights and restrictions attaching to the shares, are inconsistent with those set out in the <i>Principles of Mutuality</i>; (b) to issue securities which confer the right or obligation to subscribe for shares (whether on conversion of the <i>securities</i> or exercise of any option) where: <ul style="list-style-type: none"> (i) the terms on which it issues the shares; or (ii) the rights and restrictions attaching to the shares, are inconsistent with those set out in the <i>Principles of Mutuality</i>; or (c) to admit members with rights, obligations or restrictions attaching to membership inconsistent with those set out in

		the <i>Principles of Mutuality</i> .
(3)	Restructure	<p>the <i>mutual</i> (whether acting through its <i>board</i>, its <i>members</i> 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 <i>mutual</i> no longer complies with the <i>Principles of Mutuality</i>;</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 <i>mutual</i> other than shares fitting the description of 'additional shares' in the <i>Principles of Mutuality</i>;</p> <p>(c) a group of <i>associates</i>, other than a group all of the members of which are entitled to use either the words 'credit union', 'credit society' or 'credit cooperative' in their name, between them hold more than 90% of the shares in the <i>mutual</i> other than shares fitting the description of 'additional shares' in the <i>Principles of Mutuality</i>;</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 <i>mutual's</i> gross assets (as those gross assets stand after completion of the transfer), based on the first report that the <i>mutual</i> has given the Australian Prudential Regulation Authority after the time of the transfer and if no report to that authority is required, then on the first report that the <i>mutual</i> has given the Australian Securities and Investments Commission after the time of transfer;</p> <p>(e) a group of <i>associates</i>, 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 <i>mutual's</i> gross assets (as those gross assets stand after completion of the transfer), based on the latest report that the <i>mutual</i> has given the Australian Prudential Regulation Authority after the time of the transfer and if no report to that authority is required, then on the first report that the <i>mutual</i> has given the Australian Securities and Investments Commission after the time of transfer; or</p> <p>(f) the successor to the <i>mutual's</i> business is an organisation that does not comply with the <i>Principles of Mutuality</i> specified in the Preamble and as a consequence of the restructure, the successor or a related entity to the successor receives a legal or equitable interest in, access to or the benefit of the whole or substantially the whole of the members' funds comprising the <i>mutual's</i> reserves or capital, based on the latest report that the <i>mutual</i> has given the Australian Prudential Regulation Authority or the Australian Securities and Investments Commission prior to the time of the transfer.</p>

(4)	Modification or Repeal of this Appendix	the <i>mutual</i> proposes to modify or repeal: (a) any of the Rules in this Appendix; (b) any of the <i>Principles of Mutuality</i> ; or (c) this Constitution where the effect of the modification or repeal is to modify, exclude or restrict the operation of the Rules in this Appendix.
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(2) This Appendix does not apply to proposed modifications or repeals set out in item (4) of the Table in Subrule A2-1(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 Rule A2-5 to Rule A2-8; 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 Subrule A2-1(1) but not excluded by this Rule; 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 Subrule A2-1(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 *mutual*; and
- (b) the Australian Securities and Investments Commission delivers a copy of the written notice to the *mutual*.

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

(4) If this Appendix ceases to have effect by reason of Subrule A2-1(3), it will again come into effect by a *board* resolution upon the Australian Securities and Investments Commission doing any of the following:

- (a) withdrawing the written notice referred to in Subrule A2-1(3)(a);
- (b) making an order or exemption that permits the *mutual* to adopt or recommence the operation of this Appendix or provisions to the effect of this Appendix; or
- (c) otherwise permitting the *mutual* to recommence the operation of this Appendix.

A2-2 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 **mutual**, 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 **mutual**, 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 **mutual** or an associate of an officer of the **mutual**.

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 Subrule A2–1(1).

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

A2-3 Demutualisation Approval Procedure

- (1) If this Appendix applies, the **mutual** 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 Subrule A2-1(1);
 - (b) issuing the *securities* or admitting the members as set out in item (2) of the Table in Subrule A2-1(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 Subrule A2-1(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 Subrule A2-1(1):
- (a) the resolution is of no effect until the procedure set out in Divisions 2 and 3 of this Appendix is complied with;
and
 - (b) the *mutual* 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 Rule A2-5.
- (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 *mutual* 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 *mutual* an indemnity in a form satisfactory to the board.
- (5) If Subrule A2-3(4)(b) applies, members in general meeting may resolve that:
- (a) the *mutual* pay all costs associated with disclosure and conduct of the postal ballot;
 - (b) the *mutual* reimburse the members proposing the *proposed transaction* for the costs associated with disclosure and conduct of the postal ballot they incur.

A2-4 Approval of Demutualisation

- (1) If this Appendix applies, the *mutual* 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 *mutual* 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 *mutual* 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*.

Division 2 — Disclosure

A2-5 Disclosure Documents Sent With Ballot Paper

The *mutual* must send the following documents with the ballot paper that it must send each member under Rule A2-14:

- (a) a disclosure statement as described in Rule A2-6;
- (b) a director's statement from each director as described in Rule A2-7; and
- (c) an *independent expert's* report, commissioned by the *mutual*, as described in Rule A2-8.

A2-6 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 *mutual*;
- (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 *mutual* (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-arms length transactions;
- (g) the implications of the *proposed transaction* in relation to:
 - (i) the continuation of the *mutual's* business;
 - (ii) any major changes to be made to the *mutual's* business; and
 - (iii) changes to benefits, products and services;
 - (iv) the future employment of the present employees of the *mutual*;
- (h) whether the *mutual'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 *mutual* 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 Rules 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 *mutual*.
- (3) If the *proposed transaction* involves the modification or repeal, as set out in item (4) of the Table in Subrule A2-1, 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 Subrule A2-1(1), then the disclosure statement must disclose the matters set out in Subrule A2-6(1) and Subrule A2-6(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 Subrule A2-1(1) of which the person is aware (to the extent that the person is aware of the matters relating to those transactions).

A2-7 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*.

A2-8 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 *mutual*;
and giving reasons for that opinion; and
 - (c) details of:
 - (i) any relationship between the *independent expert* and the *mutual*, 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 *mutual*;
 - (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 *mutual* commissions more than 1 *independent expert's* report, all of the reports must be sent to each member.

Division 3 — Postal Ballot

A2-9 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 that 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 **mutual**; or
 - (c) is removed from office by the members.

A2-10 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 in each class each member holds.

A2-11 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 **mutual** 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.

A2-12 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 **mutual** has members.
- (2) The returning officer may exercise the power conferred by this Rule more than once in respect of a ballot.

A2-13 Printing of Ballot Papers

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

A2-14 Postal Voting Procedures

- (1) Postal voting will be conducted according to a 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:
 - (a) the extent to which the procedures are efficient in enabling the returning officer to detect any fraud or impropriety in the voting process;
 - (b) the extent to which the procedures protect the anonymity of the voter;
 - (c) instructions for voting are legible and clearly expressed so as to accurately inform members how to complete and lodge a ballot paper;
 - (d) provisions for issuing a duplicate ballot paper when the original has been lost or spoiled;
 - (e) the extent to which procedures for receiving, checking, scrutinising and counting ballot papers are efficient; and
 - (f) 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 **mutual'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.

A2-15 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.

A2-16 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.

A2-17 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 Rule; 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.

A2-18 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.

A2-19 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.

A2-20 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 *mutual* certifying:
 - (a) if the *mutual* 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 *mutual* 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*.

Appendix 3 — Shares

A3-1 Classes of Member Share

The *mutual* may by special resolution authorise the creation of and issue other classes of *member shares*.

A3-2 Subscription Price

The *subscription price* for a *member share* is \$10

A3-3 Rights, Obligations and Restrictions Attaching to Member Shares

- (1) The following rights attach to a *member share*:
 - (a) the right to vote on the terms set out in clause A3-4 of this Appendix;
 - (b) the right to participate in the distribution of profits or assets on a winding-up on the terms set out in clause A3-6 of this Appendix; and
 - (c) the right to redeem the *member share* on the terms set out in clause A3-7 of this Appendix.
- (2) The obligation to pay any unpaid *subscription price* on the terms set out in Rule 6 attaches to a *member share*.
- (3) The restriction on transfer of *member shares* in Rule 9 attaches to a *member share*.

A3-4 Voting Rights

1. A holder of a *member share* may vote:
 - a. at a *members'* meeting; and
 - b. at a meeting of the holders of *member shares* with the same class as the *member's member share*; and
 - c. in a ballot to appoint *directors* by election under Subrules 13.3(1) or (2).
2. In accordance with Rule 12.1 of Division 12 on a poll, a show of hands or in any ballot at a meeting of *members* or at a meeting of a class of holders of *member shares*, each holder of *member shares*, other than a minor, personally has 1 vote, and a holder of *member shares* who is a minor has no vote.

Nothing in this subclause prevents a *member* who is a representative or proxy of another *member* also voting on behalf of the other *members*.

A3-5 Dividend Entitlements

No dividend is payable on a *member share*.

A3-6 Distribution on Winding-Up

1. On a winding-up of the *mutual* the holder of a *member share* regardless of class 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 *mutual* on an equal basis with other holders of *member shares*.
2. The *mutual* 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 *mutual*.

A3-7 Redemption of Member Shares

1. The *mutual* may redeem a *member share*:
 - a. only if:
 - (i) the *member* has given the *mutual* notice requesting termination of the *member's* membership of the *mutual* under Rule 4.2;
 - (ii) the *board* has resolved to terminate the *member's* membership of the *mutual* under Rule 4.3; and
 - b. the *mutual* can redeem the *member share* only out of:
 - i. the profits of the *mutual*; or
 - ii. the proceeds of a new issue of shares made for the purpose of the redemption.
2. On redemption, the *mutual* 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.
4. This Rule does not affect the terms on which *member shares* may be cancelled under a reduction of capital or a share buy-back under *Corporations Act 2001* Part 2J.1.

A3-8 Payment for Member Shares by Minors

1. This clause applies to a *member* who was a minor when he or she became a *member*.
2. While a *member* remains a minor, except when the *mutual* is being wound up, the *mutual* must not:
 - a. call for payment of the unpaid amount in respect of the minor's *member share*;
 - b. credit any dividend to the unpaid amount in respect of the minor's *member share*; or
 - c. otherwise set off against the unpaid amount any amounts owing by the *mutual* to the minor.

3. 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*.
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 any unpaid *subscription price*.

Note: In relation to calls, see Rule 6.1, Rule 6.2 and Rule 6.3.

A3-9 Transfer of Member Shares

1. Subject to Subclause 2, a *member* may not transfer their *member share*.
2. A trustee for an unincorporated association may transfer the *member share* that they hold as trustee for the unincorporated association to another person who is to act as trustee for the unincorporated association.

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

Ballot for election of Directors

A5-1 Election

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

ballot paper means a document in a printed format or electronic format approved by the returning officer for recording *members'* votes in an election of *directors* of the *mutual*; and

voting period means the period commencing at least 21 days before an AGM and ending at the closing time.

The following table sets out the timetable for election of *directors* by *members*:

Steps in Election Procedure	Time
Call for nominations (see subclause A5-2(1))	At least 21 days before nominations close.
Nominations close (see subclause A5-2(2))	No earlier than 49 days before the AGM and no later than 35 days before the AGM.
Returning officer must send <i>ballot papers</i> to <i>members</i> (see subclause A5-7(2) together with notice of the AGM	At least 21 days before AGM
<i>Members</i> wishing to vote must return their ballot to the returning officer (see subclause A5-8)	By closing time
Announcement of <i>directors</i> (see subclause A5-11(3))	AGM

A5-2 Nominations

- (1) The *board* shall call for *members* to nominate *candidates* by causing a notice calling for nominations in a form determined by the *board* to be:
 - (a) displayed in all branches of the *mutual* for at least 21 days immediately before the day that nominations close;
 - (b) published once in at least 1 edition of a daily newspaper circulating in each State or Territory in which the *mutual* conducts its business at least 21 days immediately before the day that nominations close; and
 - (c) published by any other means that the *board* determines.
- (2) Nominations close no earlier than 49 days before the AGM and no later than 35 days before the AGM.

-
- (3) 2 **members** together, each of whom has been a **member** for at least 2 years immediately prior to making the nomination, have the right to nominate a **candidate**. To nominate a **candidate**, the 2 **members** must give the **mutual** a notice of nomination before nominations close. The notice of nomination must:
- (a) declare that the **candidate** is eligible to be a **director** under Rule 13.2;
 - (b) state the **candidate's** age;
 - (c) be signed by the 2 nominating **members** and the **candidate**; and
 - (d) if applicable, specify the class of **member share** holders by which the **candidate** seeks election.
- (4) A person nominated as a candidate must provide the **Director Nominations Committee** with all information and documentation that the **Director Nominations Committee** reasonably requests to determine that the person satisfies the requirements of Rule 13.2 and is of appropriate fitness and propriety to be and act as a **director** by reference to the **board's Fit and Proper Policy**.
- (5) A person becomes an eligible candidate for election as a **director** under Rule 13.3, if the **Director Nominations Committee** determines that the person nominated satisfies the requirements of Rule 13.2 and is of appropriate fitness and propriety to act as a **director**, by reference to the **board's Fit and Proper Policy**.
- (6) A **candidate** can submit to the **secretary** a signed consent to act as **director** and a written statement (Candidate Statement) in support of his/her nomination as a **director**.
- (7) A Candidate Statement must:
- (a) contain no more than 200 words;
 - (b) be submitted on a single page of white, A4 paper;
 - (c) be signed by the **candidate** and dated; and
 - (d) be received by the **secretary** before the close of nominations.
- (8) The **secretary** can reject a Candidate Statement if, in the **secretary's** opinion, it contains statements or materials which would be defamatory, offensive or breach the law if published.
- (9) If the **secretary** rejects a Candidate's Statement, the **secretary** must promptly notify the **candidate** of the rejection and give reasons for the **secretary's** decision.
- (10) The **secretary** may, in the secretary's absolute discretion, permit a **candidate** to amend a rejected Candidate Statement so that the Candidate Statement is acceptable to the **secretary**, however, any amendment will be limited to the deletion of statements or materials from the Candidate Statement and cannot delay the conduct of the ballot in accordance with subclause A5-7.

- (11) The **secretary** will require that each **candidate** supply, within a period specified by the **secretary**, such personal information and personal references as the **secretary** determines is necessary to demonstrate that the **candidate** is eligible to be a **director** under Rule 13.2.
- (12) In the exercise of the authority under subclause A5-2(11) the **secretary** can require that a **candidate** authorise:
 - (a) a report of past convictions from the Australian Federal Police;
 - (b) a report of current or past bankruptcies from the Federal Court of Australia or a government agency;
 - (c) searches of court registries for current proceedings or prosecutions; and
 - (d) credit history checks.
- (13) If a **candidate** fails to provide any personal information required under subclause A5-2(11) or an authority required under subclause A5-2(12), the **secretary** shall reject the **candidate's** nomination by giving the **candidate** written notice.

A5-3 Proceeding with Election

- (1) The number of positions to be filled in the election is the maximum number of elected **directors** determined by the **board** in accordance with Rule 13.3(2) less the number of **directors** who are not due to retire at the AGM.
- (2) If the number of **candidates** or, if applicable, the number of **candidates** seeking election by the holders of a class of **member share** 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; and
 - (b) the election process otherwise set out in this Appendix is discontinued.

A5-4 Appointment of Returning Officers

- (1) The **board** must appoint a returning officer, who may appoint assistant returning officers, none of whom can be an officer of the **mutual** or a **candidate**.
- (2) The **secretary** must prepare and give the returning officer a roll of **members**.

A5-5 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**.

A5-6 Ballot Papers

- (1) After nominations have closed, the returning officer must prepare or cause the preparation of **ballot papers** for the election. The **ballot papers** in a printed form must bear an authorising mark determined by the returning officer.
- (2) The order in which the **candidates** appear on the **ballot paper** is to be determined by the returning officer by lot.

A5-7 Conduct of Postal Ballot

- (1) Unless subclause A5-7A applies to a **member**, at least 21 days before the AGM the returning officer must send to each **member** or where applicable, to each **member** holding the class of **member share** entitled to vote, a **ballot paper** and a notice stating:
 - (a) the closing time for the ballot;
 - (b) the means by which the ballot may be completed;
 - (c) the address(es) at which the ballot may be lodged; and
 - (d) provide:
 - (i) an inner envelope marked with the words "**Ballot paper** only";
 - (ii) an outer reply paid postal envelope addressed to the returning officer;
 - (iii) a certificate to be completed by the **member** certifying the **member's** membership number and, if applicable, the class of **member share** the **member** holds; and
 - (iv) a copy of any Candidate Statement received from **candidates** for election by the **members** (excluding any rejected Candidate Statement).
- (2) The returning officer must send or cause to be sent **ballot papers** to the **member** at the address shown in the Register of Members for the purposes of giving notices.
- (3) The returning officer must provide secured ballot boxes, and if the member shares are divided into classes, at least one ballot box is to be provided for each class of member share. The ballot boxes must remain secured until the closure of the ballot.
- (4) The returning officer must note receipt of the ballot envelope against the **member's** name on the roll of **members** and place the ballot envelope in a ballot box as appropriate for the class of member share held by the **member** voting.
- (5) 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**.
- (6) The returning officer must keep a record of all replacement ballots issued.

A5-7A - Conduct of Internet Ballot

- (1) Where a *member* has nominated to be notified of meetings and to access notices by means of the internet, then at least 21 days on or before the AGM the returning officer will send by means of the internet to the member or where applicable to each member holding the class of member share entitled to vote:
 - (a) a notice stating the closing time for the ballot;
 - (b) the instructions explaining:
 - (i) the means by which the *ballot paper* can be accessed, completed and submitted through the voting website; and
 - (ii) the member authentication process which is applicable to internet voting; and
 - (c) any Candidate Statements received from the *candidates* for election by the members (excluding any rejected candidate statements).
- (2) The notice and material referred to in subclause A5-7A(1) must be sent to the internet address of the member shown in the Register of Members for the purpose of giving notices.
- (3) The returning officer must establish:
 - (a) secure voting website for members voting by means of the internet that is accessible throughout the *voting period*;
 - (b) the rules applicable to voting by means of the internet which are consistent with the Constitution; and
 - (c) the instructions referred to in subclause A5-7A(1)(b).

A5-8 Voting

- (1) A *member* who wishes to vote for the election of *directors* by postal ballot must:
 - (a) record the vote on the *ballot paper* in accordance with directions given on it; and
 - (b) place the completed *ballot paper* in the inner envelope marked "*Ballot paper* only" and seal the envelope; and
 - (c) place the inner envelope, together with the completed certificate, in the outer envelope that is addressed to the returning officer and seal the envelope; and
 - (d) send the envelope to the returning officer by the means specified in the notice accompanying the *ballot paper*.

- (2) A *member* who is given notice in accordance with subclause A5-7A(1) and wishes to vote for the election of *directors* by means of the internet using the voting website must follow the instructions given with the notice to:
 - (a) authenticate the *member's* identity;
 - (b) complete the *ballot paper*; and
 - (c) submit the completed *ballot paper*.

A5-9 Closure of the Ballot

- (1) The ballot closes at the time the returning officer specifies.
- (2) The returning officer may postpone (but not for more than 7 days on any one occasion) the time for the close of the ballot by notice published in at least 1 edition of a daily newspaper circulating generally in each State or Territory in which the *mutual* conducts its business.

A5-10 Scrutiny of envelopes for postal ballots

- (1) On receipt of an envelope for postal ballots the returning officer or his assistants under his supervision:
 - (a) open the outer envelope and extract the certificate and inner envelope; and
 - (b) if satisfied the certificate is complete and validly identifies a *member* in respect of whom the roll of *members* is not marked as having returned a ballot:
 - (i) strike through the *member's* name on the roll of members; and
 - (ii) extract the ballot from the inner envelope, mark his initials on it and place the ballot in an appropriate ballot box.
- (2) If the returning officer is not satisfied that the membership details on the certificate are accurate or complete, the returning officer:
 - (a) may make such inquiries as the returning officer considers appropriate; and
 - (b) if not satisfied after making inquiries that the membership details are not those of the purported member, must not open and must reject any *ballot paper* in the inner envelope.

A5-11 Scrutiny of internet voting

- (1) Following the closing time the returning officer will identify the names of each member on the roll of members who has submitted a *ballot paper* by means of the internet using the voting website.
- (2) If the returning officer is not satisfied that voting website is secure or with another aspect of the internet voting process the returning officer may make such enquiries and take such remedial steps as the returning officer considers appropriate to ensure the integrity of the voting process.

A5-12 Procedures After Close of the Ballot

- (1) As soon as practicable after the ballot closes, the returning officer must:

- (a) supervise the scrutinising of the *ballot papers* and reject informal *ballot papers*;
 - (b) supervise the counting of votes;
 - (c) sign a declaration of the ballot as to the:
 - (i) names of the *candidates*;
 - (ii) names of the *candidates* appointed as *directors*;
 - (iii) votes cast for each *candidate*; and
 - (iv) number of votes rejected as informal; and
 - (d) deliver the declaration to the *secretary*.
- (2) *Ballot papers* (other than rejected or informal *ballot papers*) will be counted manually, by automated means or by a combination of such means as is approved by the *board*.
- (3) A *ballot paper* is informal if:
- (a) it is not authenticated by the returning officer;
 - (b) it has no vote indicated on it or it does not indicate the *member's* preference for a *candidate*;
 - (c) it is received after the close of the ballot; or
 - (d) the case of a postal ballot, the envelope in which it is received does not contain a properly completed certificate.
- (4) A *member* may only vote once in an election. If a *member* submits more than one *ballot paper*, only the first *ballot paper* received by the returning officer will be accepted, irrespective of whether the vote is formal or informal. If the same *member* submits a *ballot paper* by the internet using the voting website and a postal *ballot paper* and it is unclear which of the 2 was received by the returning officer first, the former will be deemed to be received first.
- (5) The *secretary* must announce the results of the ballot at the AGM.
- (6) If a *member* gives the *mutual* a written request, the *mutual* must make available to any *member* a copy of the returning officer's declaration of the ballot.
- (7) The returning officer must destroy the *ballot papers* 14 days after the declaration of the ballot.

A5-13 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 conducted by the returning officer.

A5-14 Irregularity in the Conduct of an Election

- (1) The *candidates* that the returning officer declares to have been appointed as *directors* are appointed unless the *secretary* receives an objection to the ballot within 7 days of the *secretary's* notifying *members* of the result of the ballot.
- (2) If the *board* is of the opinion that the objection is reasonable, it may resolve to declare the returning officer's declaration void.
- (3) The returning officer must then conduct a further scrutiny in accordance with the Constitution the results of which prevail unless the *board* resolves to call a new poll by a unanimous resolution of all *directors* other than those appointed as a result of the ballot to which the objection relates.

Appendix 6 — Director Nominations Committee

A6-1 Appointment of Director Nominations Committee

- (1) The *board* must appoint a *director* and at least 2 other people to form the *Director Nominations Committee*. The majority of the Director Nominations Committee must not be:
 - (a) *directors*; or
 - (b) current officersof the *mutual*.
- (2) The *board* may, subject to Clauses A6-1(1) and (2), in its absolute discretion:
 - (a) appoint members of the *Director Nominations Committee* for such period or periods as it determines;
 - (b) determine the number of people who will comprise the *Director Nominations Committee*;
 - (c) suspend or terminate the appointment of any person as a member of the *Director Nominations Committee*; and
 - (d) give directions to the *Director Nominations Committee* about the procedures it must follow.
- (3) Employees of the *mutual* are not eligible to be appointed to the *Director Nominations Committee*.
- (4) Each person on the *Director Nominations Committee* must enter into a deed of agreement with the *mutual* undertaking to keep confidential their assessments, during and after their appointment.

A6-2 Role of Director Nominations Committee

- (1) The *Director Nominations Committee* must assess each person, including an existing *director*, nominated as a candidate under Rule 13.3 to determine that the person nominated satisfies the requirements of Rule 13.2 and is of appropriate fitness and propriety to be and act as a *director*, by reference to the *board's* 'Fit and Proper Policy.'
- (2) In assessing nominated persons, the *Director Nominations Committee* must also have regard to the principles concerning renewal and independence of directors.
- (3) A director cannot be a member of the Director Nominations Committee during any period in which it is dealing with an election in which the director will or may be nominated as a candidate under Rule 13.3.

EXECUTION BY ORIGINAL SUBSCRIBERS

Executed on behalf of **The Credit Union of Canberra Limited**

By: **Peter Carlin**
General Manager

Executed on behalf of **Snowy Mountains Credit Union Limited**

By: **Jim Hatfield**
General Manager

Executed on behalf of **The ACT Hospitals and Health Employees Credit Union Limited**

By: **Michael Brett**
General Manager