

ASSEMBLÉE NATIONALE DU QUÉBEC

Bill 46

**An Act to amend the Savings and Credit Unions Act and
the Act respecting the *caisses d'entraide économique***

First reading
Second reading
Third reading

MADAME LISE PAYETTE

Ministre des consommateurs, coopératives
et institutions financières

L'ÉDITEUR OFFICIEL DU QUÉBEC

EXPLANATORY NOTES

This act amends the Savings and Credit Unions Act and the Act respecting the caisses d'entraide économique.

The main intent of this bill is to amend certain administrative proceedings of unions,

— by enabling, subject to certain rules, the committee on credit to delegate to the manager and other authorized persons the power to grant certain categories of loans;

— by enabling the board of directors to delegate to certain persons its power to admit members to a union;

— by enabling credit commissioners and the board of supervision to borrow from the union of which they are members, subject to certain terms and conditions of approval of the loan;

— by submitting to the approval of the committee on credit of the federation with which the union is affiliated, certain loans granted to the executive officers of the unions, as well as to any person related to them.

This bill establishes certain rules to compel every member of the board of directors to disclose his interest whenever he is a party to a contract involving the union. This bill also prohibits any person from cumulating duties if this proves to be a source of conflict.

This bill clarifies the rules governing the allocation of the annual operating surplus. These rules favour the increase of general reserves before any other apportionment is made by way of interest or rebates. This bill also specifies the percentages of the annual operating surplus that are to be allocated to the reserves of the unions and federations.

In addition to those measures, this bill provides certain provisions dealing with the power of unions to borrow, the investment of part of the general reserve and the authorizations unions are required to obtain before making major lessee's improvements or leasing immoveables. This bill authorizes the discount of negotiable

instruments, raises the maximum amount of the group life insurance contract which may be granted to certain executive officers and specifies certain rules regarding the name a union may use following any change of affiliation; it also clarifies certain formalities regarding the inspection leading to transitional administration, and specifies the term of the transitional administrator as well as the assignment of his expenses. This bill also compels the liquidator, who carries out a winding-up in accordance with this act, to present periodic reports.

Finally, this bill provides certain transitional provisions to enable unions and federations to gradually meet the requirements of this act without being in an unlawful position.

Sec. 1. *The definition of "executive officer" is added to section 1 of this act. This expression is used in sections 13 and 33 of this bill.*

Sec. 2. *As proposed, paragraph d of section 4 of this act simply refers to Division XVII comprising the sections which are amended by sections 19, 20 and 21 of this bill.*

Sec. 3. *The purpose of the proposed amendment is to strike out, in section 10, the words "Cendel Credit Union Federation", since this federation merged with others in 1970.*

Sec. 4. *The proposed addition prohibits a union from carrying on its operations under a name including an expression that indicates its affiliation with a given federation, whereas such union has changed its affiliation, unless its new affiliation allows it to use the same expression.*

Bill 46

An Act to amend the Savings and Credit Unions Act and
the Act respecting the *caisses d'entraide économique*

HER MAJESTY, with the advice and consent of the Assemblée
nationale du Québec, enacts as follows:

1. Section 1 of the Savings and Credit Unions Act (Revised Statutes, 1964, chapter 293), amended by section 1 of chapter 59 of the statutes of 1970, is again amended by adding, at the end, the following paragraph:

“(g) “executive officer”: a member of the board of directors, of the board of supervision, of the committee on credit, the manager and any person entitled to authorize loans under section 63.”

2. Section 4 of the said act, amended by section 3 of chapter 59 of the statutes of 1970, is again amended by replacing paragraph *d* by the following paragraph:

“(d) the annual operating surplus is divided in conformity with Division XVII.”

3. Section 10 of the said act, replaced by section 9 of chapter 59 of the statutes of 1970, is amended by replacing, in the fourth, fifth and sixth lines of the second paragraph, the words “, the Fédération des Caisses d'Économie du Québec or the Cendel Credit Union Federation” by the words “or the Fédération des Caisses d'Économie du Québec”.

4. The said act is amended by inserting, after section 10, the following section:

“**11.** No union having changed its affiliation, whose name at the time of that change included one of the expressions mentioned in section 10, may carry on its operations under a name including that expression for a period exceeding sixty days from the coming into force of the change of affiliation, except a union contemplated

Sec. 5. *The purpose of the amendment proposed in paragraph a is to enable any union to discount the negotiable instruments mentioned in paragraph h of section 16 of this act.*

The purpose of the amendment proposed in paragraph b is to raise from \$5,000 to \$10,000 the maximum amount of the group life insurance which may be taken out by a union for the benefit of the members of the board of directors, the board of supervision and the committee on credit.

Sec. 6. *The proposed amendment enables a person authorized by the board of directors to admit members.*

Sec. 7. *The proposed amendment specifies that the board of directors is in charge of determining the rate of interest on savings and loans.*

Sec. 8. *Section 49a introduces new law.*

Sec. 9. *Section 51a introduces new law.*

Sec. 10. *The repeal of section 57 a releases the supervisors from the prohibition against borrowing from the union or becoming surety for a borrower.*

Sec. 11. *The first paragraph of section 62 of this act presently reads as follows:*

in the first paragraph of section 10 that has affiliated with a federation contemplated in that paragraph, or a union contemplated in the second paragraph of section 10 that has affiliated with a federation contemplated in that paragraph.”

5. Section 16 of the said act, amended by section 12 of chapter 59 of the statutes of 1970, is again amended:

(a) by replacing paragraph *h* by the following paragraph:

“(h) issue, endorse, accept and discount promissory notes, bills of exchange, drafts and other negotiable instruments;”;

(b) by replacing the word “five” in the sixth line of paragraph *k* by the word “ten”.

6. Section 19 of the said act is amended by replacing paragraph *d* by the following paragraph:

“(d) is admitted by the board of directors or by any person it authorizes.”

7. Section 49 of the said act, amended by section 20 of chapter 59 of the statutes of 1970, is again amended by replacing paragraph *d* by the following paragraph:

“(d) determine the rate of interest on savings and loans as well as the amount of the funds of which the committee on credit may dispose for loans to members;”.

8. The said act is amended by inserting, after section 49, the following section:

“**49a.** The rate of interest on loans applies uniformly to all loans of the same category. The same rule holds true for the rate of interest on savings.”

9. The said act is amended by inserting, after section 51, the following section:

“**51a.** Any member of the board of directors having a direct or indirect interest in an undertaking with which the union has or intends to have business relations, must, under pain of forfeiture of office, disclose his interest and refrain from voting on any matter concerning that undertaking.”

10. Section 57 of the said act is repealed.

11. Section 62 of the said act is amended by replacing the first paragraph by the following paragraphs:

“62. The commissioners shall choose each year from among their number the chairman of the committee on credit; the manager shall be *ex officio* the secretary thereof with the right of discussion only.”

Sec. 12. *As proposed, section 63 amends the first, second and fourth paragraphs of section 63 of this act, leaves the third and fifth paragraphs unchanged and adds two paragraphs.*

Section 63 of this act presently reads as follows:

“63. Only the committee on credit may authorize loans to members and the signing of releases, discharges or waivers of priority. Such decisions shall only be taken unanimously by the commissioners present.

The committee on credit may, upon such conditions as it determines, delegate to the manager its power to authorize loans to the members; however, the total amount of the loans which the manager may so authorize shall not exceed, for any member, the sum of five hundred dollars or such sum less than five hundred dollars as is determined by by-law of the union.

The committee on credit may require the borrower to provide such real or personal security as is necessary to ensure the repayment of the loan.

Any member whose application for a loan has been refused by the committee on credit may appeal to the board of directors.

The by-laws of the union shall also determine the extent and conditions of the powers of the committee on credit.”

“62. The commissioners choose each year from among their number a chairman and a secretary; a deputy-secretary may be designated from among the persons contemplated in the second paragraph. The deputy replaces the secretary when the latter is absent or unable to act.

The manager and any person entitled to authorize loans under section 63 may attend the meetings of commissioners but have no vote.”

12. Section 63 of the said act, amended by section 22 of chapter 59 of the statutes of 1970, is replaced by the following:

“63. Only the committee on credit may authorize loans to members and the signing of releases, discharges or waivers of priority. Such decisions shall only be taken unanimously by the commissioners present and entitled to vote.

The committee on credit may, upon such conditions as it determines, delegate to the manager, and to any other person that may be designated by the board of directors, its power to authorize loans to members, except loans secured by hypothec, mortgage or pledge on real estate or on machinery intended for industrial or commercial purposes; however, neither the manager nor a person designated by the board of directors may thus authorize a loan exceeding \$2,000 to any member or authorize a loan of \$2,000 or less to any member where the outstanding balance on the loans granted to that member amounts to \$2,000 or more or where the loan would increase that balance to over \$2,000. The union, by by-law, may fix a limit above \$2,000.

The passing of such a by-law, and any amendment to it, is subject to section 40; such a by-law, and any by-law amending it, comes into force only after being approved by the federation with which the union is affiliated.

The committee on credit may require the borrower to provide such real or personal security as is necessary to ensure the repayment of the loan.

Any member whose application for a loan has been refused may appeal to the board of directors.

The by-laws of the union shall also determine the extent and conditions of the powers of the committee on credit.

In the case of a union affiliated with a federation affiliated with the Fédération de Québec des Unions régionales des Caisses Populaires Desjardins, the approval of the latter is not required for any by-law contemplated in this section.”

Sec. 13. *As proposed, section 63a subjects the loans mentioned therein, that are granted by a union to one of its executive officers or for which one of them has become surety, to the approval of the committee on credit of the federation with which the union is affiliated.*

Section 63b subjects to the same rule the loans mentioned in section 63b that are granted to any person related to an executive officer.

Sec. 14. *The proposed amendment releases the credit commissioners from the prohibition against borrowing from the union, or becoming surety for a borrower. It also subjects the credit commissioners, the manager and any person entitled to authorize loans, to certain rules governing conflicts of interest.*

Sec. 15. *The striking out of the fourth paragraph of section 68 removes the possibility of combining the office of president with that of manager.*

13. The said act is amended by inserting, after section 63, the following sections:

“63a. Every loan exceeding \$10,000 granted by a union to one of its executive officers, and every loan of \$10,000 or less granted to one of its executive officers, where the outstanding balance on the loans to that officer exceeds \$10,000, or where the **loan increases that balance to over \$10,000, must be approved by the committee on credit of the federation with which the union is affiliated.**

The same rule applies to every loan exceeding \$10,000 granted by a union, for which one of the executive officers of the union is surety.

In the case of a union affiliated with a federation affiliated with the Fédération de Québec des Unions régionales des Caisses Populaires Desjardins, the approval of the committee on credit is not required.

“63b. Every loan contemplated in the first paragraph of section 63a must also be approved by the committee on credit of the federation with which the union is affiliated, if it has been granted by a union to

(a) the consort or children of one of its executive officers;

(b) a corporation in which one of its executive officers or any of the persons mentioned in paragraph a holds, directly or indirectly, more than 10% of the voting shares of the share-capital of such corporation;

(c) a corporation of which more than 50% of the share-capital is held, directly or indirectly, by a group exclusively composed of its executive officers or of persons mentioned in paragraph a.

In the case of a union affiliated with a federation affiliated with the Fédération de Québec des Unions régionales des Caisses Populaires Desjardins, the approval of the committee on credit is not required.”

14. Section 64 of the said act is replaced by the following section:

“64. A credit commissioner, the manager or any person entitled to authorize loans under section 63, who has a direct or indirect interest in the application for a loan, must disclose his interest and, in the case of a commissioner, must also refrain from voting on that application.”

15. Section 68 of the said act is amended by striking out the fourth paragraph.

Sec. 16. *The amendment proposed in the first paragraph of section 77 is for concordance.*

The amendment proposed in the second paragraph of section 77 enables any union, in calculating the total amount of the sums it may borrow, not to include those sums it has borrowed for transitional requirements of liquid assets from the federation with which it is affiliated.

Sec. 17. *The proposed amendment enables a union to invest in the federation with which it is affiliated that fraction of its general reserve which must actually be invested in bonds or other evidences of indebtedness.*

Sec. 18. *Section 18 adds subparagraph c to the first paragraph of section 84 of this act and amends the second paragraph which presently reads as follows:*

“A union affiliated with a federation that is itself affiliated with the Fédération de Québec des unions régionales des caisses populaires Desjardins must obtain the approval of the latter.”

Sec. 19. *The proposed amendment determines the apportionment of the annual operating surplus.*

16. Section 77 of the said act, amended by section 73 of chapter 59 of the statutes of 1970, is replaced by the following:

“77. The total amount of the sums borrowed by a union shall not at any time exceed twice the amount of the general reserve and of its paid-up and unimpaired capital.

For the purposes of this section, the savings deposited in a union by its members and the loans fully secured by the pledge of securities or made for transitional requirements of liquid assets from the federation with which the union is affiliated are not regarded as sums borrowed.”

17. Section 83 of the said act, replaced by section 26 of chapter 59 of the statutes of 1970, is again replaced by the following:

“83. One-half of the general reserve must be deposited with the federation with which the union is affiliated, or invested in the manner prescribed in paragraph *a*, *b*, or *e* of section 82.

In the first paragraph, the word “federation” does not include the Fédération de Québec des Unions régionales des Caisses Populaires Desjardins.”

18. Section 84 of the said act, amended by section 27 of chapter 59 of the statutes of 1970, is replaced by the following:

“84. No union, without the previous approval of the federation with which it is affiliated, may

(*a*) make any investment contemplated in paragraphs *a* to *g* of section 82;

(*b*) acquire any real estate, except by a giving in payment, or erect or make any major alteration in a building thereon;

(*c*) become the lessee of a building or make major lessee’s improvements to a building it occupies or intends to occupy as lessee.

In the case of a union affiliated with a federation affiliated with the Fédération de Québec des Unions régionales des Caisses Populaires Desjardins, the approval of the latter is not required.

The approval of a federation does not engage its liability.”

19. Section 85 of the said act, amended by section 29 of chapter 59 of the statutes of 1970, is replaced by the following:

“85. The members of the union, at the annual meeting, after considering the recommendations of the board of directors and in accordance with the statement of the last fiscal year, shall

Sec. 20. *Section 86 of this act presently reads as follows:*

"86. Every union shall establish and maintain a reserve consisting of the initiation fees, if any, and of at least ten per cent of its annual operating surplus.

Such percentage of the annual operating surplus shall be reduced to five per cent when such reserve becomes greater than ten per cent of the amount represented by the savings, deposits, loans of the union and sums paid on its common shares, as computed at the end of the last fiscal year.

Such reserve shall not be divided among the members in whole or in part."

Sec. 21. *Section 21 of this bill repeals section 86a of this act which presently reads as follows:*

"86a. The union may order, by by-law, the establishment, out of such annual operating surplus as must not, under section 86, form part of the general reserve, of other reserves under such names as it may choose, determine the amount and the mode of formation thereof, their object and the conditions required to alter the proportion of the annual operating surplus to be posted to them.

Such reserves shall not be divided among the members in whole or in part."

As proposed, section 86a introduces new law.

Sec. 22. *The proposed amendment provides, in the case of an inspection ordered by a Minister, for a copy of the inspection report to be transmitted to the federation with which the union is affiliated.*

divide the amount of the annual operating surplus, allocating it first of all to the funding of the general reserve in accordance with section 86. Any balance is allocated to:

(a) the payment of the interest on the amounts paid up on shares;

(b) the payment of rebates to depositors or borrowers in proportion to the operations carried on by each of them with the union; or

(c) the constitution of the fund contemplated in section 86a."

20. Section 86 of the said act, replaced by section 30 of chapter 59 of the statutes of 1970, is again replaced by the following section:

"86. Every union must establish and maintain a general reserve.

The annual operating surplus must be allocated to that reserve in such amount that the general reserve thereupon becomes equal to at least 4% of the liabilities of the union constituted by the deposits of members, as established at the close of the last business year.

In the case of a federation, the percentage contemplated in the second paragraph is 1%.

This reserve shall not be divided among the members in whole or in part."

21. Section 86a of the said act, enacted by section 30 of chapter 59 of the statutes of 1970, is replaced by the following section:

"86a. The union may, by by-law, order the establishment of a fund which is to be used for social and community purposes.

Not more than 10% of the amount allocated to rebates may be paid into this fund; the sums constituting the fund must be used by the board of directors within 3 years after their allocation to the fund, failing which they must be paid into the general reserve.

In the case of the winding-up or dissolution of the union, the balance of this fund is paid into the general reserve."

22. Section 92 of the said act, replaced by section 36 of chapter 59 of the statutes of 1970, is again amended by replacing the fifth paragraph by the following:

"Upon receipt of such report, the Minister shall forward one copy thereof to the board of supervision, one copy to the federation with which the union is affiliated, and one copy to one of the persons who applied for the inspection."

Sec. 23. *The proposed amendment enables the Lieutenant-Governor in Council to appoint a transitional administrator following the annual inspection of the operations of any union.*

Sec. 24. *Section 92k presently reads as follows:*

“92k. The administrator shall remain in office until the expiry of the period for which he has been appointed, unless the Minister terminates his term of office sooner.

As soon as his term of office has expired, the administrator shall send a complete report of his administration to the Minister together with his recommendations.”

Sec. 25. *The proposed amendment is one of concordance, and its purpose is to specify that the report contemplated in the first paragraph of section 92l is the report contemplated in the first paragraph of section 92k.*

Sec. 26. *Section 95 presently reads as follows:*

“95. The liquidator shall first pay the debts of the union and the costs of winding it up and shall repay to the members the amounts paid on their shares.

After such payments, the balance derived from the winding-up, including the balance of the reserves contemplated in sections 86 and 86a , shall devolve to the federation with which the union was affiliated.

When the winding-up of the union is terminated, the liquidator shall deliver to the federation with which the union was affiliated the documents of which he took possession for the purposes of the winding-up.”

23. Section 92*j* of the said act, enacted by section 37 of chapter 59 of the statutes of 1970, is amended by replacing the word and figure “section 92” in the second line of the first paragraph by the words “this act”.

24. Section 92*k* of the said act, enacted by section 37 of chapter 59 of the statutes of 1970, is replaced by the following section:

“92*k*. The administrator must present to the Minister, with the least possible delay, a detailed report of his findings, together with his recommendations.

The administrator remains in office until the expiry of the period for which he has been appointed, unless, before then, the Minister prolongs or terminates his term of office.

As soon as his term of office has expired, the administrator must send a complete report of his administration to the Minister.

The costs, fees and expenditures of the transitional administration are payable by the union, unless the Minister orders otherwise.”

25. Section 92*l* of the said act, enacted by section 37 of chapter 59 of the statutes of 1970, is amended by replacing the first four lines by the following:

“92*l*. The Lieutenant-Governor in Council, upon the recommendation of the Minister, after the latter has received the administrator’s report contemplated in the first paragraph of section 92*k*, may:”.

26. Section 95 of the said act, replaced by section 39 of chapter 59 of the statutes of 1970, is again replaced by the following section:

“95. The liquidator first pays the debts of the union and the costs of winding it up and repays to the members the amounts paid on their shares.

After such payments, the balance from the winding-up, including the balance of the general reserve, devolves to the federation with which the union was affiliated.

The liquidator must, within 7 days after the expiry of any period of three months, send to the Minister a brief report of his activities for such period.

When the winding-up of the union is terminated, the liquidator must send to the Minister a complete report of his activities and deliver to the federation with which the union was affiliated the

Sec. 27. *The proposed amendment is for concordance with section 13 of this bill.*

Sec. 28. *The proposed amendment is for concordance and results from the repeal of section 86a by section 21 of this bill.*

Sec. 29. *The proposed insertion provides that a federation of unions which is affiliated with the Fédération de Québec des Unions régionales des caisses populaires Desjardins must inform the latter federation of certain of its investments, instead of having to obtain a preliminary approval.*

Sec. 30. *The proposed amendment to form 2 of this act is for concordance with section 6 of this bill.*

Sec. 31. *The purpose of the proposed amendment is to enable a caisse d'entraide économique in calculating the total amount of the sums it may borrow, not to include the sums borrowed for transitional requirements of liquid assets from the Fédération des caisses d'entraide économique du Québec.*

Sec. 32. *The proposed amendment is for concordance with the amendment proposed by section 12 of this bill.*

documents of which he took possession for the purposes of the winding-up.”

27. Section 95*l* of the said act, enacted by section 40 of chapter 59 of the statutes of 1970, is replaced by the following section:

“**95*l*.** In all cases in which this act requires an affiliated union to obtain the authorization of the federation to which it belongs or of the committee on credit of such federation, a union not affiliated with a federation must obtain the authorization of the Minister.”

28. Section 95*m* of the said act, enacted by section 40 of chapter 59 of the statutes of 1970, is replaced by the following section:

“**95*m*.** In the case of the winding-up or dissolution of an unaffiliated union, the balance derived from the winding-up or dissolution, including the balance of the general reserve, devolves to an institution designated by the Lieutenant-Governor in Council, who also determines to whom are to be delivered the documents of which the liquidator or the public curator took possession.”

29. The said act is amended by inserting, after section 115, the following section:

“**115*a*.** A federation of unions which is affiliated with the Fédération de Québec des Unions régionales des Caisses Populaires Desjardins is not required to obtain the approval contemplated in section 84 for any investment contemplated in paragraph *a* of this section. However, it must, with the least possible delay, inform the latter federation of any such investment.”

30. Form 2 of Schedule 1 to the said act is replaced by the form in the schedule to this act.

31. Section 17 of the Act respecting the *caisses d'entraide économique* (1974, chapter 68) is amended by replacing the second paragraph by the following paragraph:

“For the purposes of this section, the savings deposited in a union by its members and the borrowings fully secured by the pledge of securities or made for transitional requirements of liquid assets from the federation are not regarded as sums borrowed.”

32. Section 19 of the said act is replaced by the following section:

“**19.** The by-laws of the union may prescribe that certain loans authorized in accordance with section 63 of the Savings and

Sec. 33. *The repeal of the first paragraph of section 22 of the Act respecting the caisses d'entraide économique subjects the executive officers of the caisses d'entraide économique and any person related to these executive officers to the rules provided for in sections 63a and 63b of the Savings and Credit Unions Act proposed in section 13 of this bill.*

Moreover, the rule of disclosure provided for in the second paragraph has been extended to every executive officer as well as to any person related to an executive officer.

Sec. 34. *The proposed repeal is for concordance.*

Sec. 35. *The proposed repeal is for concordance.*

Sec. 36. *The proposed repeal is for concordance.*

Sec. 37. *This section provides, as a transitional measure, that a union, whose general reserve has not reached the percentage required at the closing of the business year current on the date of the coming into force of this act, will be required to allocate such amount of its annual operating surplus as the federation with which it is affiliated or, if not affiliated, the Minister, determines.*

Credit Unions Act must be approved by the board of directors of the union. These by-laws determine the classes and amounts of such loans.”

33. Section 22 of the said act is replaced by the following section:

“22. Every loan owing from an executive officer of a union or a person contemplated in section 63*b* of the Savings and Credit Unions Act, except in the case of a loan on acknowledgement of debt or a loan guaranteed by hypothec on his personal residence, must be disclosed within sixty days to the Régie de l’assurance-dépôts du Québec with mention of the name of each borrower, the amount of the loan granted and the rate of interest.”

34. Section 23 of the said act is repealed.

35. Section 27 of the said act is replaced by the following:

“27. The duties of the committee on credit are, in particular,

(a) to authorize loans to affiliated unions and the signing of releases, discharges or waivers of priority; and

(b) to approve any loan contemplated in section 20.

The approval of the federation does not engage its liability.

36. Section 30 of the said act is amended by replacing the words and figures “, section 20 and the first paragraph of section 22”, in the tenth and eleventh lines, by the words and figure “and section 20”.

37. In the case of a union not governed by the Act respecting the *caisses d’entraide économique* whose general reserve does not represent, at the close of the current business year on (*insert here the date of the coming into force of this bill*), 4% or more of the liabilities of the union constituted by the deposits of members, the annual operating surplus must be allocated to that reserve in the amount determined by the federation with which the union is affiliated or, in the case of an unaffiliated union, by the Minister.

This amount is determined each year for each union and the union may pay an amount exceeding the determined amount.

In the first paragraph, the word “federation”, in the case of a union affiliated with a federation which is affiliated with the Fédération de Québec des Unions régionales des Caisses Populaires Desjardins, refers only to the latter federation.

Sec. 38. *This section provides, as a transitional measure, that a federation, whose general reserve has not reached the percentage required at the closing of the business year current on the date of the coming into force of this act will be required to allocate 25% of its annual operating surplus to its general reserve.*

Sec. 39. *This section determines when the transitional administration ceases to be applicable.*

Sec. 40. *This section enables a union to transfer to the general reserve the sums allocated to a special reserve existing on the date of the coming into force of this act.*

Sec. 41. *The expressions "union", "federation", "affiliated union", "general reserve" and "Minister" are defined by section 1 of the Savings and Credit Unions Act.*

38. In the case of a federation to which the Savings and Credit Unions Act applies and whose general reserve is not, at the close of the business year current on (*insert here the date of the coming into force of this bill*), equal to 1% or more of the liabilities of the federation constituted by the deposits of members, at least 25% of the annual operating surplus must be allocated to that reserve.

39. Where, after such allocation, the general reserve of a union subject to section 37 or of a federation subject to section 38 is equal, in the case of a union, to 4% or more or, in the case of a federation, to 1% or more of the liabilities constituted by the deposits of members, as at the close of the last business year, this union or federation becomes subject to section 86 of the Savings and Credit Unions Act.

40. The sums allocated to a reserve, other than the general reserve constituted by a union before (*insert here the date of the coming into force of this bill*), may be transferred to the general reserve of the union.

Until this transfer is made, these sums may be added to the amount of the general reserve, in order to determine the total amount that may be borrowed by the union under section 77 of the Savings and Credit Unions Act, and one-half of these sums must be deposited or invested in accordance with section 83 of the said act.

41. The definitions of expressions given in section 1 of the Savings and Credit Unions Act apply to sections 37 to 40 of this act.

42. This act comes into force on the day of its sanction.

SCHEDULE

Form 2 (*section 19*)

*Application for membership
in a a savings and credit union*

I, the undersigned, apply to become a member of

.....
(*name of union*)

the corporate seat of which is at

I undertake to comply with the by-laws of the union and
I subscribe forshares of five dollars each.

Signed at this19..

.....
(*signature of the witness*) (*signature of the applicant*)

Address

Occupation

Accepted this19....

by