



Consultation Paper:

Modernization of

The Credit Union Act, 1998

Consultation Paper:
August 20, 2025

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Response Due By: September 19, 2025

INTRODUCTION

The Financial and Consumer Affairs Authority of Saskatchewan (FCAA) and the Ministry of Justice and Attorney General (Ministry) are seeking the input of interested parties and stakeholders on proposed updates to *The Credit Union Act, 1998* (Act).

All credit unions in Saskatchewan, with the exception of federal credit unions, are governed by the Act, which provides the framework for the incorporation and regulation of credit unions in Saskatchewan and outlines the responsibilities, obligations and powers of credit unions. The current Act can be downloaded at <https://publications.saskatchewan.ca/#/products/445>.

Your comments and opinions on the following topics are an important part of the FCAA's and the Ministry's consideration of these proposed amendments.

TOPICS FOR DISCUSSION

1. *Lowering the threshold required to pass a special resolution from three-quarters to two-thirds*

A special resolution of the members is required to make certain significant decisions, such as:

- enacting the credit union's bylaws;
- amending the credit union's articles of incorporation;
- approving an amalgamation agreement between the credit union and another entity (subject to certain limited exceptions);
- approving the continuance of the credit union as a financial institution in another jurisdiction or as an entity licensed pursuant to *The Trust and Loan Corporations Act, 1997*;
- approving the sale, lease or exchange of all or substantially all the property of the credit union other than in the ordinary course of business of the credit union;
- approving the payment of certain incorporation and organization expenses where an order approving the commencement and carrying on business as a credit union is not obtained;
- stating that a material contract is fair and reasonable if a director or officer of the credit union fails to disclose his or her interest in the contract in accordance with the Act; and
- approving the dissolution of the credit union.

Currently, Saskatchewan's threshold to pass a special resolution of the members is the approval of at least three-quarters of the credit union's members who are entitled to vote and vote on the matter; however, all other provincial credit union legislation in Canada, except for a vote for dissolution in Quebec, requires approval from only two-thirds. Similarly, numerous other provincial and federal cooperative, corporate and non-profit statutes in Canada and internationally set the

special resolution threshold at two-thirds, including the *Saskatchewan Co-operatives Act, 1996*, *The Non-profit Corporations Act, 2022*, and *The Business Corporations Act, 2021*.

Having a very high voting threshold to approve key decisions, particularly where voter turnout can be quite low for a number of reasons, increases the risk that the voting outcome may not accurately represent the views of the broader membership. Amending the Act to provide for a threshold of two-thirds would reduce this risk while ensuring that significant decisions continue to have a substantial level of member support. The proposed amendment would also align Saskatchewan's credit union legislation with most other provincial and federal legislation regarding the special resolution threshold.

Question 1: Do you agree with the proposed amendment to change the threshold to pass a special resolution from three-quarters to two-thirds? Why or why not?

2. Clarification of the process for membership termination and appeals

Section 69 of the Act currently provides that the board of directors of a credit union (Board) can terminate the membership of a member. The current framework includes the following elements:

- the member is entitled to receive at least seven days' written notice of the Board meeting where the termination will be considered along with the grounds on which the membership is proposed to be terminated, and the member may make submissions at the meeting and be represented by an agent or counsel;
- if the Board decides to terminate the member, the member can appeal the Board's decision by giving written notice to the secretary within 30 days of receiving notice of the decision;
- the appeal will be heard by the members of the credit union at the next annual or special meeting of the members, and the members will confirm or rescind the termination;
- if the termination is confirmed by a majority of the members present at the meeting, the terminated member can further appeal the matter to the Registrar of Credit Unions at the FCAA (Registrar);
- the Act suspends the termination decision until the membership or the Registrar, as applicable, confirms the termination.

Amendments to the Membership Termination Decision Process

The proposed amendments would clarify the termination process described above so that all parties would be aware of their rights, obligations and next steps. More specifically, the proposed amendments would:

- establish clear timelines and specify the information to be provided by each party at each step;
- provide the Board with discretion to determine whether a member who elects to make oral submissions at the Board meeting shall do so virtually or in person; and
- maintain the requirement for advance notice of the Board meeting where the termination is being considered, including the necessary information to be provided to the member.

The proposed amendments would also set out requirements and processes to be followed after a Board decides to terminate a membership. The Board would be required to issue the written notice of termination to the member within 10 days of the decision with the following information:

- the grounds which justify the termination
- the effective date of the termination
- how the member's deposits, including term deposits and any other amounts owed to the member, will be repaid to the member
- how any investment shares or any subordinated indebtedness held by a member will be redeemed
- notice that the termination does not alter any contractual obligations the member has to the credit union
- a statement communicating the member's right to appeal the Board's decision and the deadline for doing so
- the form of appeal, as further described below in the amendments to the membership appeal process

Amendments to the Membership Termination Appeal Process

The proposed amendments would expand and clarify the appeal process to:

- establish clear timelines and set out the information to be provided by each party at each step;
- set out when the member would be deemed to have waived their right of appeal (by not filing the notice of appeal within the required time frame, failing to deliver written or oral submissions, or as prescribed in the regulations);
- prescribe in the regulations the time period during which a member would not be eligible to reapply for membership, with the readmission requiring the approval of the membership or the Board;
- remove the appeal to the Registrar, because the Registrar is not involved in the day-to-day operations of a credit union; and
- allow the Board to set the form of appeal in extraordinary circumstances.

Extraordinary circumstances would include situations where allowing the terminated member to make oral submissions in person at the meeting of the members could, in the Board's opinion, result in:

- a breach of the credit union's obligations set out in legislation, such as its obligation to provide a safe workplace for its employees pursuant to *The Saskatchewan Employment Act* or *The Occupational Health and Safety Regulations*;
- a breach of an order of a court, such as a peace bond issued by the court against the terminated member; or
- other circumstances prescribed in the regulations being met.

Where extraordinary circumstances exist, depending on the context of the situation, the Board would be authorized to set the form of appeal to be:

- written submissions by the member;
- oral submissions by the member presented virtually; or

- that an appeal to the membership cannot occur, in which case the member would be entitled to appeal the Board's termination decision to the Court of King's Bench by way of an application to the court.

In situations where extraordinary circumstances exist, the Board's termination decision would continue in effect until the decision is rendered on the appeal, unlike the normal termination process where the Board's termination decision is suspended until confirmed by the membership.

The proposed change to remove the appeal to the Registrar would clarify that the Registrar's focus is to oversee the overall credit union system and that the final decision on membership terminations rests with the members or the court, as applicable. This approach is consistent with the termination provisions in the credit union legislation of all other provinces.

Question 2: Do you agree with the proposed amendments to clarify and revise the membership termination and appeal processes? Why or why not?

3. Clarification of credit union obligations respecting the payment of certain deposits

Currently, there is ambiguity in the Act with respect to the repayment of term deposits which mature more than one year after a member's termination, specifically whether a term deposit must be paid out immediately or if it must mature before it is paid out.

The proposed amendments would clarify that the Board has the discretion to decide whether the term deposit should remain with the credit union until maturity or whether the credit union will pay out the term deposit immediately. If the Board decides to pay out the term deposit immediately, the credit union would need to pay all interest that would be owed as if the term deposit had fully matured.

Further, the proposed amendments would allow regulations to prescribe the time frame for when a credit union would transfer unclaimed deposits to the Credit Union Deposit Guarantee Corporation (CUDGC) and the time frame that CUDGC would pay out unclaimed deposits to persons showing proper entitlement.

Question 3: Do you agree with the proposed clarification concerning the payment of certain deposits? Why or why not?

4. Delegation of responsibilities to designated employees

Currently, the Act is unclear whether a Board can delegate some responsibilities and it does not allow the delegation of other responsibilities. To support the efficient operation of credit unions, the proposed amendments would expressly establish the ability for Boards to delegate the following responsibilities to employees:

- adopting or changing the credit union's corporate seal
- releasing the credit union's register of members when the release is authorized by the Act

- approving applications for membership
- processing a member's withdrawal from membership on the basis of inactivity with the credit union

Question 4: Do you agree that the Board should be able to delegate the above-named responsibilities to employees? Why or why not?

5. *Other modernization and housekeeping updates*

Other proposed changes to modernize the Act include:

- allowing for modernized record keeping, retention and destruction timelines and processes to be prescribed in the regulations;
- clarifying that credit unions can charge a fee to members who request more than one copy of articles and bylaws that are currently in force;
- allowing members to withdraw their membership by giving oral notice to the credit union, which will be acknowledged in writing by the credit union before the withdrawal comes into effect;
- allowing regulations to prescribe the period of inactivity on the part of a member which would be considered a withdrawal of membership, and the credit union's notice requirements before closing the membership;
- adding a definition for "professional adviser" to clarify whether an individual is eligible to serve as a director of a credit union;
- allowing for regulations to exempt certain entities from the prohibition on using "credit union" or "caisse populaire" in their name, including setting terms and conditions for the exemption; and
- revising the service of documents provision to allow regulations to prescribe additional methods by which a notice or document can be served (subject to certain limited exceptions).

Question 5: Do you agree with the proposed modernization and housekeeping amendments? Why or why not?

6. *Other feedback*

Question 6: Do you have any other comments, concerns or recommendations with regard to *The Credit Union Act, 1998*?

HAVE YOUR SAY

Thank you in advance for your engagement with this consultation process. Please submit your answers and comments to:

Consumer Credit Division – Credit Union Consultation
Financial and Consumer Affairs Authority
400 - 2365 Albert Street
Regina, SK S4P 4K1

OR

lsju@gov.sk.ca

The deadline for submissions is September 19, 2025.

The Freedom of Information and Protection of Privacy Act (the FOIP Act) applies to any submissions you make to the Registrar of Credit Unions (the Registrar) in response to this consultation (the Consultation). As such, the information, including personal information, you provide to the Consultation is being collected for purposes of determining potential future changes to legislation and will be used and/or disclosed for that purpose in accordance with the provisions of the FOIP Act and applicable provisions of *The Credit Union Act, 1998*.

All submissions received from organizations in response to this Consultation will be considered public information and may be disclosed to any person and/or published on the FCAA's website. Information published on the FCAA's website would contain the name of the organization that made the submission. The Registrar will consider an individual showing an affiliation with an organization to have given their response on behalf of that organization.

Responses from individuals who do not show an affiliation with an organization will not be considered public information. The Registrar may also publish responses received from individuals. The Registrar may use your provided contact information to follow up with you to clarify your responses.

If you have any questions about the above, please contact the Consumer Credit Division of the FCAA at fid@gov.sk.ca or 306-787-6700.