

ADVOCIS OTTAWA

GOVERNANCE RULES FOR CHAPTERS

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Rules, Policies and Procedures for the Governance of Ottawa Chapter (“Chapter”) of the Financial Advisors Association of Canada (“Association”) (the “Governance Rules”)

ARTICLE 1 INTERPRETATION

1.01 General

In these Governance Rules and in all other by-laws of the Chapter hereafter passed unless the context otherwise requires, words importing the singular number or the masculine gender shall include the plural number or the feminine gender, as the case may be, and vice versa, and references to persons shall include firms and corporations.

1.02 Specific Definitions

“Act” means the Canada Corporations Act, R.S.C. 1970.C.32 as amended or reenacted from time to time, or any act that may be substituted for it.

“Association” means the corporation without share capital formed under the laws of Canada under the name The Financial Advisors Association of Canada and carrying on business under the brand “Advocis”.

“Bankrupt” means a person who has put himself, herself or itself into bankruptcy or has been put into bankruptcy, and has not been discharged from bankruptcy, and does not include any person who may be insolvent.

“Chapter” means the Ottawa Chapter of the Association.

“Chapter Advisory Council” means the national standing committee charged with the overview of rules, policies and procedures affecting Chapters, as it may be constituted or established from time to time, or its successor committee, or the National Board in providing guidance to Chapters.

“Chapter Annual General Meeting” means the Annual General Meeting of the Chapter.

“Chapter Board” means the Board of Directors of the Chapter.

“Chapter Committee” means a committee of the Chapter established by the Chapter Board pursuant to these Governance Rules.

“Chapter Committee Terms of Reference” means the terms of reference for a Chapter Committee as established by the Chapter Board.

“Chapter Director” means a director of the Chapter duly elected, willing to serve and installed in office.

“Chapter Governance Rules means the Governance Rules of the Chapter as approved by the National Board and adopted by the Chapter Board.

“Chapter Leader” means any individual determined by the Chapter Advisory Council, any competent authority set forth in the Policy for Chapters or the National Board or National Office to be such and may include a Chapter Director or Chapter Officer.

“Chapter Member” means a Member of the Association who has chosen or been assigned exclusively to one Chapter.

“Chapter Officer” means an officer of the Chapter duly elected or appointed, willing to serve and installed in office pursuant to these General By-laws of the Chapter.

“Chapter President” means the current President of the Chapter duly elected and installed in office.

“Chapter Board Terms of Reference” means the document that sets forth the mandate and procedures of a Chapter Board Committee.

“Code of Professional Conduct and Disciplinary Procedures” means such Code of Professional Conduct and Disciplinary Procedures, if any, of the Association as is or may be established by the National Directors, from time to time.

“Conflict of Interest” means a conflict of interest as set out in Article 11.02.

“Criminal” means a person who has been charged with and convicted of a criminal offence under the Criminal Code of Canada, and who has not been pardoned, and whose criminal record has not been expunged.

“Legal Commitment” means a legal commitment as set out in Article 14.01.

“Member” means a person who has qualified for membership in the Association.

“National Board” means the Board of Directors of the Association.

“National Director” means an individual who has been elected or appointed to the office of a director of the Association.

“National General By-laws” means the General By-laws of the Association as approved by the National Board, and not rejected by the Members in a meeting of Members.

“National Office” means the office of the Association established by the National Board.

“National Officer” means an individual who has been appointed as a corporate officer of the Association, and who is employed in the National Office.

“National Policies” means the rules, guidelines, regulations published by the National Office for the benefit of the whole Association.

“Nomination Committee” means the committee of the Chapter Board established by the Chapter Board to carry out the functions and duties of the Nominations Committee as set out in these General By-laws.

“Notice” means written publication in printed or electronic format of some fact or event under proper authority within prescribed time limits, if any, or within reasonable time limits.

“Policy for Chapters” means the written document containing directives to Chapters as determined by the Chapter Advisory Council, any competent authority set forth in the Policy for Chapters or the National Board.

“Rules and Regulations” means the rules and regulations passed by the Chapter Directors pursuant to Article 23.

“Voting Chapter Member” means a Chapter Member who has the right to vote and who is in good standing as of the record date for calling a meeting and who is in good standing as of the date of the meeting of Chapter Members as set out in the National Board’s Policy on Membership.

ARTICLE 2 MEMBERSHIP IN CHAPTERS

2.01 Assignment

Each Member of the Association will be assigned to a Chapter by the Registrar at the National Office of the Association.

2.02 Choices

A Member in good standing may chose to be associated with a Chapter of his or her choice where there are two or more Chapters in close proximity.

ARTICLE 3 OBJECTS, CAPACITY AND POWERS

3.01 Objects

The objects of the Association are:

(a) Protection of Consumer's Interests through Professionalism

to protect by all lawful means the interests of consumers by promoting the professionalism of its Members financial advisors in Canada;

(b) Excellence among Members

to promote excellence among its Members in the efficient practice of life insurance and personal financial planning by establishing best practices, regulating standards of practice and encouraging basic and continuing education; and

(c) Public Awareness

to improve public awareness and understanding of personal financial planning.

3.02 Capacity

Subject to this Act, the Association has the capacity and the rights, powers and privileges of a natural person to carry out its objects.

3.03 Powers

The Association has the power:

(a) Sell Literature

to distribute and sell journals, books and other literature relating to life insurance and personal financial planning;

(b) Hold Examinations

to hold examinations on the principles and practices of life insurance, personal financial planning or on general educational attainments;

(c) Grant Certificates of Proficiency

to grant certificates of proficiency to its Members;

(d) Authorize use of CLU

to authorize the use, by such of its Members as it may designate, of the title and description "Chartered Life Underwriter of Canada";

(e) Represent its Members to Government

to represent its Members on matters of common interest before government and regulatory bodies and any other organization or person;

(f) Enforce Behaviour

to promote and enforce ethical behaviour among its Members;

(g) Funds to be Used for Objects

to devote the funds of the Association to fulfilling its objects and promoting the welfare of its Members in such manner as the Association may decide;

(h) Policy Direction to Chapters

to provide overall policy direction to the Chapters and affiliated bodies of the Association;

(i) Co-ordinate Chapter Relations

to co-ordinate relations among the Chapters and affiliated bodies of the Association;

(j) Benefits to Members

to provide such benefits to its Members as are deemed by the National board to be in the best interests of the Members;

(k) Award Professional Designations

to award and administer professional designations;

(l) Ancillary Powers to Objects

to do all such other things as are incidental and ancillary to the furtherance of its objects or the exercise of its other powers.

ARTICLE 4 SUSPENSION AND EXPULSION

4.01 Chapter Members have No Power

Chapter Members, including Chapter Directors and Chapter Officers, shall have no power or authority to suspend or expel any Chapter Member, Chapter Officer or Chapter Director.

4.02 National Board has the Power

The only suspensions or expulsions shall be those effected by the National Board pursuant to the Code of Professional Conduct and the Disciplinary Procedures of the Association.

4.03 No Privileges of Membership

Any Member under suspension from the Association shall not enjoy any privileges of membership and, without limiting the generality of this provision, shall not be entitled or permitted to attend any Chapter meetings of Chapter

Members, Chapter Officers or Chapter Directors or serve on any Chapter Committee.

ARTICLE 5 REINSTATEMENT AND READMISSION

5.01 Conditions for Reinstatement or Readmission

A Member may only be reinstated or readmitted after suspension if:

all monetary fines have been paid;
the required time of suspension has been served;
the required publication of Notices has taken place;
all terms and conditions of suspension have been met;
all educational requirements have been completed;
a letter seeking reinstatement giving reasons why such reinstatement should occur has been sent to the Corporate Secretary; and

the National Board has approved the reinstatement.

5.02 Voluntary Resignation

Readmission after voluntary resignation as a Member shall only be effected after application for membership as set out in the National General By-laws has been completed.

5.03 Expulsion

Readmission after expulsion shall only be effected after:

all monetary fines have been paid;
the required publication of Notices has taken place;
all terms and conditions of expulsion have been met;
all educational requirements have been completed;

a letter seeking readmission giving reasons why such readmission should occur has been sent to the Corporate Secretary; and

the National Board has approved the readmission.

ARTICLE 6 OFFICERS

6.01 Eligibility

In order to be eligible to be elected as a Chapter Officer an individual:

must be a voting Member in good standing of the Association;
must not be Bankrupt or a Criminal;
must be willing to serve full term;
must not have any Conflict of Interest;

must sign a declaration that such individual is willing to serve, and that there is no reason why such individual should not be elected; and

in so far as it is possible, an individual:

should have a designation or designations recognized by the Association;
should have prior experience by having served on a Chapter Committee in any one of the last three years; and

and in the case of the Chapter President, shall have served a full term as a member of the Chapter Board in any one of the last three years.

Any exception to these requirements must be approved in advance in writing by the Chapter Advisory Council, any competent authority set forth in the Policy For Chapters or the National Board.

6.02 Required Chapter Officers

(a) Elected Chapter Officers

The President, Vice President and Secretary-Treasurer shall be elected from the Chapter Directors at a meeting of the Chapter Members called for that purpose.

(b) Elected Chapter Officers Method of Election

(1) Nominations by Nomination Committee

The Nomination Committee of the Chapter shall propose a slate of names for each office of required elected Chapter Officer for direct submission to

the Chapter Members at the Chapter Annual General Meeting. The proposed slate of required elected Chapter Officers shall not be reviewed by the Chapter Board, nor approved by it. An individual may hold more than one required elected Chapter Officer appointment.

(2) Nomination by Chapter Members

The Chapter Members until thirty days before the Chapter annual General Meeting or before a date specified in the Notice calling the Chapter Annual General Meeting, but not at the Chapter Annual General Meeting shall have the right to propose additional names for each of the positions; provided that at least ten (10) Chapter Members have previously signed a declaration that they are in favour of such proposed candidate for the office.

(3) Election Procedure

The Chapter Members at the Chapter Annual General Meeting shall elect the required Chapter Officers by holding a separate election for each office so that an individual may be proposed for or stand for more than one office of required Chapter Officer.

(4) Declaration of Chapter Officer

In each election, the candidate who stood for election as a required elected Chapter Officer with the highest number of votes shall be declared the elected required Chapter Officer in order to fill all offices of elected required Chapter Officer.

6.03 Appointed Chapter Officers

The Director, Membership Ambassador; Director, Programs; Director, Professional Conduct; and Director, Professional Development shall be appointed from the Chapter Directors at a meeting of the Chapter Directors called for that purpose.

6.04 Optional Chapter Officers

Such other Chapter Officers, as may be determined to be necessary by the Chapter Board, from time to time, may be appointed from time to time by the Chapter Directors. An individual may hold more than one optional officer appointment. The appointment of optional officers shall be subject to the Policy on Chapters as may be amended from time to time.

6.05 Vacancy

Any vacancy in the office of one of the required elected Chapter Officers may be filled by the Chapter Directors at their next meeting, subject to confirmation at the next meeting of Chapter Members.

6.06 Powers of Chapter Officers

The Chapter Officers shall have the power and authority to manage the day to day affairs of the Chapter in the best interests of all Chapter Members, but shall not have the power or authority to set the strategic policies or direction for the Chapter.

6.07 Duties of Chapter Officers

Each Chapter Officer shall represent the best interests of all Chapter Members, and shall carry out such duties:

as are usually prescribed for such Chapter Officer,
as may be prescribed, from time to time, by Chapter Directors, and
as may be prescribed, from time to time, in the Policies for Chapters.

6.08 Conflict of Interest – Chapter Officers

Conflicts of Interest must be handled as set out in Article 11.

6.09 Protection of Chapter Officers by Indemnification and Insurance

(a) Mandatory Indemnification

The Association shall indemnify and hold harmless each Chapter Officer from all claims and actions which might have arisen while performing the duties of the Chapter Officer. The indemnity obligation shall only arise if the Chapter Officer has discharged his or her duties in the best interests of all Chapter Members and the Association, without gross negligence or bad faith.

(b) Purchase of Insurance

The Association may purchase insurance to cover any liability arising from the obligation to indemnify and save each Chapter Officer harmless as set out in the paragraph immediately preceding. Each Chapter Officer has a right to see and

review the insurance policy, if any, that the Association has purchased to cover its mandatory indemnification obligation to the Chapter Officers.

6.10 Removal as Chapter Officer

A Chapter Officer may be removed from office if he or she:

is declared a Bankrupt,
is charged with a criminal offence, is convicted of a criminal offence, or
ceases to be a Member in good standing, suffers loss of designations,
has an unresolved Conflict of Interest,
is subject to Disciplinary Proceedings under the Code of
professional Conduct,
has been found to have engaged in unprofessional behaviour,
fails to attend three consecutive, duly called meetings of the Chapter executive
without reasonable excuse, or
is found wanting on such other ground or grounds as may be appropriate.

6.11 Procedure to Remove Chapter Officer

(a) Determination on Grounds

The Chapter Board by majority vote may determine that a Chapter Officer has met one or more of the conditions for removal from the position of Chapter Officer. The determination of the Chapter Board is final and conclusive, and not subject to any appeal, including judicial appeal.

(b) Determination on Removal

The Chapter Board, by majority vote, may determine that a Chapter Officer who has been determined to have met one or more of the conditions for removal from the position as Chapter Officer shall be removed from the position of Chapter Officer.

(c) Determination Conclusive

The determination of the Chapter Board is final and conclusive, and not subject to any appeal, including judicial appeal. The Chapter Board may do all things and take all actions necessary to give effect to its resolutions.

ARTICLE 7 DIRECTORS

7.01 Eligibility

In order to be eligible to be elected as a Chapter Director an individual:

must be a voting Member in good standing of the Association;
must not be Bankrupt or a Criminal;
must be willing to serve full term;
must not have any Conflict of Interest;

must sign a declaration that the individual is willing to serve, and that there is no reason why the individual should not be elected; and

in so far as it is possible, an individual should have a designation or designations recognized by the Association

should have prior experience by having served on a Chapter Committee in any one of the last three years.

Any exception to these requirements must be approved in advance in writing by the Chapter Advisory Council, any competent authority set forth in the Policy For Chapters or the National Board.

7.02 Required Number of Chapter Directors

There shall be a minimum of four (4) and a maximum of twelve (12) Chapter Directors. The Chapter Board shall fix the number of Chapter Directors for each calendar year before the Chapter Annual General Meeting, and the fixed number shall remain the same until changed by the Chapter Board.

7.03 Election of Chapter Directors

(a) Nomination by Nomination Committee

The Nomination Committee of the Chapter shall propose a slate of names for each position of required Chapter Director for direct submission to the Chapter Members at the Chapter Annual General Meeting. The proposed slate of Chapter Directors shall not be reviewed by the Chapter Board, nor approved by it.

(b) Nominations by Chapter Members

The Chapter Members at the Chapter Annual General Meeting shall have the right to propose additional names for each of the vacancies; provided that at least ten (10) Chapter Members have previously signed a declaration that they are in favour of such proposed candidate for the position of Chapter Director.

(c) Election Procedure

The Chapter Members at the Chapter Annual General Meeting shall elect the Chapter Directors by holding one election for the required member of Chapter Directors.

(d) Declaration of Chapter Director

The candidates with the highest number of votes shall be elected as the Chapter Directors in order to fill the fixed number of Chapter Directors to be elected as established by the Chapter Board.

7.04 Powers of the Chapter Directors

The Chapter Directors shall have the power and authority to manage the affairs of the Chapter in the best interests of all Chapter Members within the Governance Rules, and shall have the power and authority to set the strategic policies or direction for the Chapter within the overall governance structure.

7.05 Duties of Directors

(a) Represent all Chapter Members

Each Chapter Director shall represent the best interests of all Chapter Members.

(b) Manage the Affairs of the Chapter

The Chapter Directors shall manage the affairs of the Chapter.

7.06 Strategic Plans

The Chapter Directors shall ensure that there are strategic plans in place, and that they are implemented, and carried to realization.

7.07 Policies, Rules and Regulations

The Chapter Directors shall be responsible for ensuring all policies and rules and regulations applicable to Chapter Members are observed and followed by all Chapter Members.

7.08 Meetings and Minutes

(a) Electronic or Telephonic Meetings

The Chapter Directors may meet by electronic or other means as long as each Chapter Director can communicate with all other Chapter Directors and each Chapter Director may hear all other Chapter Directors.

(b) Mandatory Face to Face Meetings

The Chapter Directors shall hold at least four face to face meetings of the Chapter Board in each calendar year.

(c) Minutes

The Secretary-Treasurer shall ensure that written minutes are kept for all meetings of Chapter Directors.

(d) Quorum

The quorum for a meeting of Chapter Directors shall be a majority of Chapter Directors in office plus one Chapter Director. A Chapter Director may not attend a meeting of Chapter Directors by proxy. A Chapter Director may only attend a meeting of Chapter Directors in person.

7.09 Conflict of Interest – Chapter Directors

Conflicts of Interest must be handled as set out in Article 11.

7.10 Protection of Chapter Directors by Indemnification and Insurance

(a) Mandatory indemnification

The Association shall indemnify and hold harmless each Chapter Director from all claims and actions which might have arisen while performing the duties of the position. The indemnity obligation shall only arise if the Chapter Director has discharged his or her duties in the best interests of all Chapter Members and the Association, without gross negligence or bad faith.

(b) Purchase of Insurance

The Association may purchase insurance to cover any liability arising from the obligation to indemnify and save each Chapter Director harmless as set out in the paragraph immediately preceding. Each Chapter Director has a right to see and review the insurance policy, if any, that the Association has purchased to cover its mandatory indemnification obligation to the Chapter Directors.

7.12 Removal from the Position of Director

(a) Grounds for Removal

A Chapter Director may be removed from office if he or she:

is declared a Bankrupt,
is charged with a criminal offence,
is convicted of a criminal offence,
ceases to be a Member in good standing,
suffers loss of designations,
has an unresolved Conflict of Interest,
is subject to Disciplinary Proceedings under the Code of Professional Conduct,
has been found to have engaged in behaviour that could or should be determined to be unprofessional,
behaviour that might bring discredit on the Association
behaviour that might bring potential risk of fraudulent activity, or
is found wanting on such other ground or grounds as may be appropriate.

(b) Procedure to Remove Chapter Directors

(1) Calling Meeting of Chapter Members

Not less than twenty-five percent (25%) of Chapter Directors holding office at the time, or not less than ten percent (10%) of the Chapter Members may, by requisition signed by all such individuals, instruct the Secretary Treasurer of the Chapter to call a meeting of Chapter Members for the expressed purpose of removing a named Chapter Director from his or her position as a Chapter Director.

(2) Determination on Grounds

The Chapter Members at the meeting called for the purpose of removing a Chapter Director from office must vote, in person or by proxy, in favour of a resolution by at least a seventy-five percent (75%) majority that the Chapter Director met one or more of the grounds for removal from the position of Chapter Director.

(3) Determination on Removal

The Chapter Members in the meeting called for the purpose of removing a Chapter Director from office must vote, in person or by proxy, in favour of a resolution by at least a seventy-five per cent (75%) majority that determines that the Chapter Director shall be removed from the position of Chapter Director.

(4) Determination Conclusive

The determination of the Chapter Members in a meeting called for such purpose is final and conclusive, and not subject to any appeal, including judicial appeal. The Chapter Board may do all things and take all actions necessary to give effect to the resolutions approved by the Chapter Members as provided for above.

ARTICLE 8 COMMITTEES

8.01 Establishment

The Chapter Board shall establish a Chapter Nominating Committee, and such other Chapter Committees as it deems appropriate, from time to time.

(a) Mandatory Chapter Nominating Committee

The Chapter Nominating Committee shall be composed of the following individuals: President, immediate Past President, and at least one former Chapter Director. If one or more of these individuals is unwilling or unable to serve, the Chapter Board shall determine who shall serve on the Chapter Nominating Committee. The determination of the Chapter Board in a meeting called for such purpose is final and conclusive, and not subject to appeal, including judicial appeal.

(b) Optional Committees

The Chapter Board may establish an Chapter Audit Committee, a Chapter Finance Committee, a Chapter Governance Committee, a Chapter Program Committee, a Chapter Professional Conduct Committee or any other Chapter Committee as the Chapter Board determines to be necessary or desirable.

8.02 Terms of Reference - Chapter Committees

(a) National to Supply Model Terms of Reference

National Office shall produce standard Chapter Committee Terms of Reference for some, but not all possible, Chapter Committees, and these Chapter Committee Terms of Reference shall be used as guides for the Chapter Committees. The Chapter Committee shall recommend its Chapter Committee's Terms of Reference to the Chapter Board.

(b) Chapter Board Approval

The Chapter Board shall approve the Chapter Committee's Terms of Reference.

ARTICLE 9 MEETING OF CHAPTER MEMBERS

9.01 Chapter Annual General Meeting and Chapter General Meetings

The Chapter Annual General Meeting shall be held in October or November, or such other month as may be set out from time to time in the Polices for Chapters

in such place as the Chapter Board may determine, from time to time. A Chapter general meeting may be held at such time and such place as the Chapter Board may order, from time to time.

9.02 Notice

Notice of the Chapter Annual General Meeting or a Chapter general meeting shall be mailed or delivered to each Chapter Member, either on paper or in electronic format, not less than twenty-eight (28) days before the date set for the Chapter Annual General Meeting or the Chapter general meeting as the case may be. No error or omission in giving Notice of any meeting of Chapter Members shall invalidate the meeting or any proceedings taken at the meeting.

9.03 Contents of Notice

Notice of a Chapter Annual General Meeting or Chapter general meeting shall state that each Chapter Member that the Chapter Member has a right to vote by proxy at any meeting of the Chapter Members. The Notice shall detail how the vote by proxy may be made. The Notice shall state the items of business to come before the meeting of Chapter Members, and the date, time and place of the meeting.

9.04 Quorum

The quorum for a meeting of Chapter Members shall be five (5) Voting Chapter Members present in person, and at least ten percent (10%) of the Voting Chapter Members present in person or represented by proxy.

9.05 Chapter Annual General Meeting Business

In addition to any other business that may be transacted, the report of the Chapter Board, the financial statements (audited, unless excepted as provided in Governance Rules), and the report of the auditor (if applicable) shall be presented at the Chapter Annual General Meeting, or at a general meeting called for that purpose. The Chapter Directors shall notify members that the aforementioned reports and financial statements are available to the Chapter Members, in either electronic or printed format, as soon as they are completed but, in any event, no later than April 30 of the year following the fiscal year end.

9.06 Minutes

The Chapter President, or such person as the Chapter President may delegate, shall arrange for the taking of minutes at all meetings of Chapter Members. The minutes of each meeting shall be delivered to all Chapter Members within sixty (60) days of the next meeting of Chapter Members.

9.07 Requisition for a Meeting of Chapter Members

The Directors shall call a general meeting of Chapter Members on receiving a written requisition signed by at least five percent (5%) of the Voting Chapter Members.

9.08 Voting at Meetings of Chapter Members

Each Voting Chapter Member present at a meeting shall have the right to exercise one vote. A Voting Chapter Member may, by means of a written specific or general proxy, appoint a proxy holder to attend and act at a specific meeting of Chapter Members, in the manner and to the extent authorized by the proxy. A proxy holder must be a Chapter Member.

9.09 Majority Rule

At all meetings of Chapter Members, each issue shall be determined by a majority of votes, unless specifically provided otherwise in the Governance Rules. . The chair of a meeting of Chapter Members shall not have a vote unless there is an equality of votes, in which case the chair shall have a deciding or casting vote.

ARTICLE 10 RULES OF PROCEDURE

10.1 General

The most recent edition of Robert's Rules of Order shall be the specified and generally accepted source of parliamentary authority for a meeting of Chapter Members.

10.2 Specific

The Chapter Board may propose, and a meeting of Chapter Members may confirm, special rules of order as may be appropriate for Chapter meetings, in general or for a specific Chapter meeting.

ARTICLE 11 CONFLICT OF INTEREST

11.01 Best Interests

The Chapter Member's obligation, including Chapter Directors and Chapter Officers, is to act in the best interests of the Association, including the interests of the Chapter, and in any conflict between the interests of the Association and the interests of the Chapter, the interests of the Association shall prevail.

11.02 Definition of Conflict of Interest

A Conflict of Interest arises when any Chapter Member, including a Chapter Director or Chapter Officer, has or is one of the following.

(a) Party to a Material Contract

A Chapter Member is a party to a material contract or proposed material contract with the Association or a Chapter.

(b) Director or Officer of Contracting Party

A Chapter Member is a director or officer of, or has a material interest in, any body corporate or business firm which is a party to a material or proposed material contract with the Association or a Chapter.

(c) Economic, Social Political Relationship

A Chapter Member is in any relationship economic, social, or political with any other Chapter Member, any other Member or any third party, which might be deemed to give rise to an appearance of a material Conflict of Interest.

(d) Moral Ethical or Religious Concern

A Chapter Member has a moral, ethical, fiduciary or religious concern about an action the Chapter is proposing to take.

11.03 Awareness

The obligation to determine whether a Conflict of Interest will, may have or has arisen is the personal obligation of each Chapter Member, including Chapter Directors and Chapter Officers. The standard by which such determination shall be judged is the standard of judgment of the reasonably diligent and prudent

person. The Chapter Member shall use reasonable diligence under the circumstances to determine whether or not a Conflict of Interest is present.

11.04 Disclosure

Any Chapter Member, including Chapter Directors and Chapter Officers, who knows or should have known that he or she has or might have a Conflict of Interest shall disclose it, either orally or in writing as follows.

(a)

The Chapter Member shall disclose the Conflict of Interest at the meeting where the issue, question or motion that gives rise to the Conflict of Interest is first discussed.

(b)

If the Conflict of Interest arises between meetings, the Chapter Member shall disclose it at the next meeting whether the issue is discussed or not, and by written Notice to the Chapter President as soon as the Chapter Member becomes aware of the Conflict of Interest.

11.05 Materiality

Any doubt as to the materiality of a proposed contract, relationship or course of action giving rise to the Conflict of Interest shall be resolved by treating it as material. The final and conclusive determination of materiality shall be by majority vote of the Chapter Directors.

11.06 Accountability

A Chapter Member is liable to account for any profit made as a result of any contract, relationship or course of action referred to herein, unless:

the Chapter Member has disclosed his or her conflict of interest,

refrained from voting on the issue, question or motion,

the contract, relationship or course of action was approved by the majority vote of the Chapter Members or Chapter Directors, and

the contract, relationship or course of action was fair and reasonable for the Chapter and the Association at the time the contract, relationship or course of action was approved and implemented.

11.07 Participating in the Discussion of the Issue

The Chapter Member who has declared a Conflict of Interest shall not participate in any discussion or debate on the issue unless the Chapter Directors have determined that the materiality threshold referred to in Article 11.05 has not been reached.

11.08 Voting on the Issue

The Chapter Member who has declared a conflict of interest shall not vote on the issue, question or motion, whenever the issue, question or motion is voted upon until the conflict of interest has disappeared, unless the Chapter Directors have determined that the materiality threshold referred to in Article 11.05 has not been reached.

11.09 Method of Disclosure

If the Chapter Member's awareness of the Conflict of Interest arises in such way that there is no opportunity to deliver a written statement on the real or perceived Conflict of Interest, the Chapter Member may disclose it orally. In all other cases, the Chapter Member shall file a written statement with the Chapter President as soon as the Chapter Member becomes aware of the Conflict of Interest.

11.10 Void Transaction

A contract, relationship or course of action shall not be void by reason of only the failure of a Chapter Member, including Chapter Directors and Chapter Officers, to comply with this Article 11.

11.11 Court Intervention to Declare Contract Void

A court may, on the application of a Chapter Member or the Association, set aside a contract in respect of which a Chapter Member, including Chapter Directors and Chapter Officers, has failed to comply with this Article 11, and the court may make any further order it thinks fit.

ARTICLE 12 PERSONAL LIABILITY

12.01 No personal liability

No Chapter Member shall have any personal liability as a result of being a Chapter Member, including Chapter Directors and Chapter Officers, as long as

the Chapter Member acts in a careful and prudent manner, and within the scope of his or her authority, if any.

12.02 Indemnification

The Association shall indemnify and hold harmless any Chapter Member from all costs relating to the execution of his duties as a Chapter Member, including Chapter Director or Chapter Officer, except such costs as are occasioned by his or her own gross negligence or bad faith.

ARTICLE 13 CHAPTER ASSETS AND LIABILITIES

13.01 Minimum Net Assets

The Chapter must maintain such assets net of liabilities as may be determined from time to time by the Chapter Advisory Council, any competent authority set forth in the Policy for Chapters or the National Board, and as published from time to time in the Policy for Chapters.

13.02 Failure to Maintain Minimum Net Assets

Should a Chapter not maintain its assets net of liabilities as set in the Policy for Chapters, the Chapter Advisory Council, any competent authority set forth in the Policy for Chapters or the National Board, may require a Chapter to take actions as may be set out in the Policy for Chapters.

13.03 Processes

Processes for dealing with less than the minimum net assets in a Chapter shall be dealt with in the Policy for Chapters.

13.04 Held in name of Association

Each asset and liabilities of the Chapter must be held in the name of the Association, but may be under the custody and control of the Chapter, including the Chapter Directors and Chapter Officers, collectively, but not individually.

ARTICLE 14 LEGAL COMMITMENTS

14.01 Legal Commitments – Definition

A Legal Commitment is an obligation to do something, including the payment of money, undertaken by the Chapter, and may be a written contract or agreement, an oral understanding between two or more persons, or may arise out of a course of conduct that leads a person to reasonably conclude that an obligation exists, and may include a moral or ethical obligation.

14.02 Outside Chapter Budget

The Chapter shall make only such Legal Commitments outside its submitted Chapter budget as may be approved in writing in advance by the Chapter Advisory Council, any competent authority set forth in the Policy for Chapters or the National Board, or as published from time to time in the Policy for Chapters.

14.03 Beyond Current Year

Any Legal Commitment beyond the current fiscal and calendar year must be set out separately in the Chapter budget submitted to the Corporate Secretary at National Office.

14.04 Exceptions

Any exception to these Governance Rules must be approved in advance in writing by the Chapter Advisory Council, any competent authority set forth in the Policy for Chapters or the National Board.

ARTICLE 15 AUTHORITY TO EXECUTE DOCUMENTS

15.01 General

Any document requiring the signature of the Association relating to a Legal Commitment, shall be signed by any two Chapter Directors or any two Chapter Officers, and all documents so signed shall be binding on the Association without any further formality.

15.02 Powers of Attorney

The Chapter Directors and the Chapter Officers shall not be authorized or empowered to give the Association's power of attorney to any one for any reason.

15.03 Association's Corporate Seal

Any Document requiring the corporate seal of the Association shall be referred to the Corporate Secretary at National Office.

15.04 Exceptions

Any exception to these Governance Rules must be approved in advance in writing by the Chapter Advisory Council, any competent authority set forth in the Policy for Chapters or the National Board.

ARTICLE 16 AUTHORITY TO SIGN CHEQUES

16.01 General

Each cheque written by the Chapter must be signed by two individuals who must be one of the following: a Chapter Director, Chapter Officer or National Director.

16.02 Exceptions

Any exception to these General By-laws must be approved in advance in writing by the Chapter Advisory Council, any competent authority set forth in the Policy for Chapters or the National Board.

ARTICLE 17 FISCAL YEAR

17.01 Calendar Year

Unless otherwise ordered by the Chapter Advisory Council, any competent authority set forth in the Policy for Chapters or the National Board, the fiscal year end of the Chapter shall be the same date as the fiscal year end of the Association, being December 31.

ARTICLE 18 AUDIT AND AUDITOR

18.01 Annual Audit

The Chapter President, or in his or her incapacity, any Chapter Officer shall ensure that there is an annual audit of the Chapter. The annual audit must audit the

accounts and financial statements of the Chapter for report to the Chapter Annual General Meeting. The annual audit must be completed on or before March 31 each year, or the date set out in the Policy for Chapters. The audit shall be performed on the financial statements prepared by the Chapter as of the fiscal year end. The audit must include an audit opinion. The audit must be in a form approved by the Policy for Chapters.

18.02 Auditor

The Auditor must be appointed by the Chapter Members at the Chapter Annual General Meeting for the following fiscal year. The Chapter Members must appoint the auditor from the list of approved auditor firms as set out in the Policy for Chapters. The appointment of the auditor must be for a term of one year, or until the successor auditor is appointed. The Chapter Directors may fill any vacancy in the office of auditor. The remuneration of the auditor shall be fixed by the Chapter Directors.

18.03 Exceptions

Any exception to these Governance Rules must be approved in advance in writing by the Chapter Advisory Council, any competent authority set forth in the Policy for Chapters or the National Board.

ARTICLE 19 BANKING

19.01 Designated Financial Institution

The Chapter President, or in his or her incapacity, any chapter Officer, shall ensure that all funds of the Chapter are deposited with a deposit taking financial institution in compliance with the Policy for Chapters as may be approved, from time to time, by the Chapter Advisory Council, any competent authority set forth in the Policy for Chapters or the National Board.

ARTICLE 20 BORROWING

20.01 Prohibition Against Borrowing and Lines of Credit

Neither the Chapter nor any individual connected to the Chapter shall borrow any money, other legal tender or obtain a line of credit or mortgage or otherwise

encumber the assets of the Chapter from or by any source without the prior written approval of the National Board.

ARTICLE 21 INVESTING

21.01 In the name of the Association

The Chapter President, or on his or her incapacity, any Chapter Officer, shall ensure that all assets and liabilities of the Chapter are held and maintained in the name of the Association.

21.02 Compliance with Policy for Chapters for Investments

The Chapter President, or on his or her incapacity, any Chapter Officer shall ensure that all assets and liabilities of the Chapter are held in compliance with the Policy for Chapters for Investments as may be approved from time to time by the Chapter Advisory Council, any competent authority set forth in the Policy for Chapters or the National Board. The Chapter Directors shall review the assets and liabilities of the Chapter at least twice a year to ensure compliance with the Policy for Chapters for Investments.

21.03 Exceptions

Any exception to these Governance Rules must be approved in advance in writing by the Chapter Advisory Council, any competent authority set forth in the Policy for Chapters or the National Board.

ARTICLE 22 BOOKS AND RECORDS

22.01 General

The Chapter President, or in his or her incapacity, any Chapter Officer shall cause to be maintained such books and records as may be appropriate for the Chapter or as the Chapter Advisory Council, any competent authority set forth in the Policy for Chapters or the National Board may advise for time to time.

ARTICLE 23 RULES AND REGULATIONS

23.01 Directors May Make

The Chapter Directors may make such rules and regulations not inconsistent with these Governance Rules or the Policy for Chapters relating to the management and operation of the Chapter as they deem appropriate.

23.02 Need Not Be Confirmed By Chapter Members

Such rules and regulations do not need to be confirmed by the Chapter Members and shall not be regarded as a Policy for Chapters for purposes of these Governance Rules, provided that such rules and regulations shall not deal with those matters which must be dealt with only by way of the Policy for Chapters as provided for in these Governance Rules.

ARTICLE 24 AMENDMENTS TO GENERAL BY-LAWS

24.01 Majority of Directors and Two Thirds of Chapter Members

These Governance Rules of the Chapter may be repealed or amended by a resolution enacted by a majority of the Chapter Directors at a meeting of Chapter Directors and sanctioned by an affirmative vote of at least two-thirds (2/3) of the Chapter Members entitled to vote, in attendance in person or by proxy, at a meeting duly called for the purpose of considering the proposed repeal or amendment.

ARTICLE 25 EFFECTIVE DATE

25.01 Chapter Board Approval and Confirmation by Chapter Members

These Governance Rules shall be effective when approved by the Chapter Board and shall remain in force until rejected by the Chapter Members at a meeting called for the purpose of approving these Governance Rules or any amendment thereto.

ENACTED the _____ day of _____, 2007

Chair

Secretary c/s