

**POLICE CREDIT UNION LTD  
ACN 087 651 205**

**SCHEDULE OF PROPOSED CONSTITUTIONAL AMENDMENTS**

This is the Schedule of Proposed Constitutional Amendments referred to in the Notice of Annual General Meeting given by Police Credit Union Ltd and dated 2 November 2018. It sets out the proposed amendments to the Constitution of Police Credit Union Ltd which are referred to in item number 5 of the Agenda.

It is proposed that the Constitution of Police Credit Union Ltd be amended as follows, with effect immediately after the end of the 2018 AGM of Police Credit Union Ltd:

1. By deleting the words 'in cash' from Rules 3.1(1)(d) and 5.3(3); and
2. By inserting after Appendix 5 the new Appendix 6 attached to this Schedule and headed 'Appendix 6 - Consideration of Demutualisation Resolutions'.

Signed by the Chair by way of identification:

.....  
Chair

.....  
Date

# Appendix 6 - Consideration of Demutualisation Resolutions

## A6-1 Interpretation

In this Appendix, unless the contrary intention appears:

**‘Additional Costs’** means all costs reasonably incurred by the **credit union** in complying with its obligations under clauses A6-4 and A6-5(1)(b) of this Appendix.

**‘Additional Information’** means:

- (a) an explanation as to how the Demutualisation Resolution will affect **member** rights as a holder of **member shares** and as a customer of the **credit union**;
- (b) an explanation as to the effect of the Demutualisation Resolution on the **credit union** and **members** with respect to:
  - (i) the rights of **members** to vote and to participate in the distribution of profits and reserves of the **credit union** and the loss of any such rights; and
  - (ii) the effect on the business, operations, employees, products, services, pricing and distribution network of the **credit union**;
- (c) an explanation of the mutuality benefits to **members** that will be lost if the Demutualisation Resolution is passed; and
- (d) an explanation of the availability and effect of other alternatives to the Demutualisation Resolution.

**‘Ballot Closing Date’** means the date upon which a Direct Ballot closes, being a date fixed by the Returning Officer under clause A6-4(6) and specified in the notice referred to in clause A6-4(7)(e).

**‘Demutualisation Resolution’** means a proposed resolution, or combination of proposed resolutions:

- (a) which, if passed, will or may result in:
  - (i) the **credit union** ceasing to be an authorised deposit-taking institution under the *Banking Act 1959* that has a mutual structure as described in ASIC Regulatory Guide 147 ‘Mutuality – Financial institutions’;
  - (ii) a voluntary transfer of the **credit union’s** business, pursuant to the *Financial Sector (Transfers of Business) Act 1999*, to an Entity that is not an authorised deposit taking institution under the *Banking Act 1959* that has a mutual structure as described in ASIC Regulatory Guide 147 ‘Mutuality – Financial institutions’;
  - (iii) **member shares** becoming transferable or capable of sale or assignment otherwise than pursuant to Rule A3-7(2);
  - (iv) a **member** becoming entitled to hold more than one **member share**, unless Rule 5.3(4)(a) and (b) apply; or

- (v) a right to vote attaching to any share other than a **member share**;
- (b) in relation to which the consent of the Treasurer is required pursuant to either section 63 of the *Banking Act 1959* or section 11 of the *Financial Sector (Shareholdings) Act 1998*, unless the consent is required for the purposes of a voluntary transfer of the **credit union's** business, pursuant to the *Financial Sector (Transfers of Business) Act 1999*, to an Entity that is an authorised deposit taking institution under the *Banking Act 1959* that has a mutual structure as described in ASIC Regulatory Guide 147 'Mutuality – Financial institutions';
- (c) the effect of which would be to modify or repeal any clause in this Appendix, unless the only effect would be to modify clause A6-7 in such a way that the date upon which this Appendix will cease to have effect pursuant to that clause is postponed; or
- (d) the effect of which would be to modify or repeal this Constitution where the effect of the modification or repeal is to modify, exclude or restrict the operation of the clauses in this Appendix, unless the only effect would be to modify this Constitution in such a way that the date upon which this Appendix will cease to have effect pursuant to clause A6-7 is postponed.

**'Direct Ballot'** means a ballot of Qualifying Members in respect of a Demutualisation Resolution that is conducted in accordance with Clause A6-4 of this Appendix.

**'Directors' Statement'** means a statement by the **directors** containing:

- (a) the recommendation of each **director** as to whether the Demutualisation Resolution should be passed and their reasons for making that recommendation; and
- (b) details of any benefit to be received by the **directors** if the Demutualisation Resolution is passed.

**'Entity'** includes any:

- (a) incorporated or unincorporated bodies;
- (b) trust or partnership; or
- (c) any legal, administrative or fiduciary arrangement, organisational structure or other party (including a person) having the capacity to deploy scarce resources in order to achieve objectives.

**'Information'** means:

- (a) a disclosure statement that:
  - (i) contains all the information that **members** would reasonably require and expect to be given to make an informed decision about the Demutualisation Resolution, including but not limited to the Additional Information;
  - (ii) states that the Demutualisation Resolution may alter the **credit union's** mutual structure and outlines the intentions of the **member** or Entity seeking to convene or convening a meeting of the **credit union**:
    - (II) in relation to the future of the **credit union** if the Demutualisation Resolution is passed;
    - (III) in relation to **members'** interests if the Demutualisation Resolution is passed;

- (IV) in relation to the **directors** if the Demutualisation Resolution is passed; and
  - (iii) explains the effect the passing of the Demutualisation Resolution is likely to have on the business, operations, employees, products, services, pricing and distribution network of the **credit union**;
- (b) an estimate of the financial benefits (if any) the **members**, the **directors** and/or other officers of the **credit union** will be offered if the Demutualisation Resolution is passed; and
- (c) a report by an expert that:
  - (i) states whether, in the expert's opinion:
    - (I) the Demutualisation Resolution is in the best interests of the **members** of the **credit union** as a whole; and
    - (II) the Demutualisation Resolution is fair and reasonable to **members** having regard to any change of voting rights and the right to participate in profits and reserves;
  - (ii) sets out the expert's opinions in relation to the Additional Information;
  - (iii) gives the expert's reasons for forming those opinions;
  - (iv) complies with the requirements of clause 33 of Appendix 4 of the *Corporations Act*; and
  - (v) contains any additional information required to be provided under the *Corporations Act*.

**'Qualifying Member'** means a **member**:

- (a) who has been admitted to membership of the **credit union** under this Constitution on the date that this Appendix takes effect under the *Corporations Act*; or
- (b) who is admitted to membership of the **credit union** under this Constitution after the date on which this Appendix takes effect under the *Corporations Act* and who has been a member for not less than one year.

**'Requisitionists'** means the **members** who request the convening of a general meeting that is convened by the **directors** at the request of **members** made under section 249D of the *Corporations Act* or who call the meeting in accordance with sections 249E or 249F of the *Corporations Act*.

**'Returning Officer'** means a person appointed by the Directors as a Returning Officer under clause A6-4(1) of this Appendix.

**'Special Resolution'** means a resolution:

- (a) in relation to which notice as set out in paragraph 249L(1)(c) of the *Corporations Act* has been given; and
- (b) that has been passed by at least 75% of the votes cast by **members** entitled to vote on the resolution.

## A6-2 Application of Appendix 6

Notwithstanding any provision contained in this Constitution to the contrary, this Appendix will apply if a meeting of the **credit union** is convened, or is to be convened, at which a Demutualisation Resolution will be considered.

## A6-3 Requirement for General Meeting and Direct Ballot

If a meeting of the **credit union** is convened, or is to be convened, at which a Demutualisation Resolution will be considered:

- (a) The general meeting must be convened and conducted in accordance with this Constitution to consider the Demutualisation Resolution as a Special Resolution;
- (b) The information required by clause A6-5 of this Appendix must be provided to **members** in convening the general meeting to consider the Demutualisation Resolution;
- (c) The Demutualisation Resolution may not be moved at the general meeting, or passed at the general meeting, if the Demutualisation Resolution, or a substantially similar Demutualisation Resolution, was moved at a general meeting held within the 3 years prior to the general meeting and:
  - (i) not passed; or
  - (ii) passed but its adoption was not subsequently approved by a Direct Ballot;
- (d) The Demutualisation Resolution shall only be passed at the general meeting if at least 75% of the votes cast by **members** entitled to vote on the Demutualisation Resolution approve the Demutualisation Resolution; and
- (e) The Demutualisation Resolution, if passed at the general meeting, shall not have any effect unless and until:
  - (i) a Direct Ballot is held within 4 months of the date of the general meeting to consider whether the adoption of the Demutualisation Resolution should be approved;
  - (ii) by the Ballot Closing Date the **credit union** has received votes from at least 25% of Qualifying Members; and
  - (iii) of the votes received from Qualifying Members by the Ballot Closing Date, at least 75% of the votes are in favour of approving the adoption of the Demutualisation Resolution.

## A6-4. Conduct of Direct Ballot

- (1) Within 7 days of a Demutualisation Resolution being passed at a general meeting the **directors** must appoint a Returning Officer, who must not be a **director** or officer of the **credit union**, and who must then conduct a Direct Ballot in accordance with this Clause A6-4.
- (2) The Returning Officer must prepare a roll of the full names and addresses of the **members** of the **credit union**, as disclosed by the register of **members** as at midnight on the day before the general meeting referred to in Clause A6-3(a), who are Qualifying Members.
- (3) Only **members** who are Qualifying Members as at midnight on the day before the general meeting referred to in Clause A6-3(a) are entitled to vote in the Direct Ballot.

- (4) The Returning Officer must cause ballot papers to be prepared for the Direct Ballot.
- (5) Each ballot paper must be initialled or marked by the Returning Officer or an appointed assistant.
- (6) The Returning Officer must fix a Ballot Closing Date, which must be a date not more than 4 months after the date of the general meeting at which the Demutualisation Resolution was passed.
- (7) The Returning Officer must, at least 30 days prior to the Ballot Closing Date, send by post or otherwise deliver to every Qualifying Member one set of the following material:
  - (a) one ballot paper;
  - (b) an envelope (in this Appendix referred to as the outer envelope) addressed to the Returning Officer;
  - (c) a smaller envelope (in this Appendix referred to as the middle envelope), the reverse side of which contains provision for the name, membership number and signature of the Qualifying Member;
  - (d) a small envelope marked "Ballot Paper"(in this Appendix referred to as the inner envelope) into which the ballot paper is to be enclosed;
  - (e) a notice which sets out:
    - (i) details of the Demutualisation Resolution upon which the decision of the Qualifying Members is to be sought;
    - (ii) details of the number of **members** who were eligible to vote at the general meeting at which the Demutualisation Resolution was passed and of the number of those **members** who voted;
    - (iii) the Ballot Closing Date;
    - (iv) instructions for voting;
    - (v) such further information, if any, as the **directors** consider appropriate; and
  - (f) the Information supplied to the **credit union** and the Directors Statement.
- (8) the Returning Officer may send a duplicate ballot paper to any Qualifying Member if the Returning Officer is satisfied:
  - (a) that the Qualifying Member has not received a ballot paper; or
  - (b) that the ballot paper received by the Qualifying Member has been lost, spoilt or destroyed and the Qualifying Member has not already voted.
- (9) A Qualifying Member casts a vote in the Direct Ballot by:
  - (a) firstly, completing the ballot paper according to the instructions on the ballot paper;
  - (b) secondly, placing the completed ballot paper in the inner envelope;
  - (c) thirdly, completing the details on the reverse side of the middle envelope and signing the middle envelope;

- (d) fourthly, placing the middle envelope in the outer envelope; and
  - (e) fifthly, sending the outer envelope to the Returning Officer so that it is received by noon on the Ballot Closing Date.
- (10) The Returning Officer must:
- (a) provide a ballot box or boxes which must be locked immediately before the ballot papers are delivered to Qualifying Members in accordance with Clause A6-4(7) and must remain locked until noon on the Ballot Closing Date; and
  - (b) place all outer envelopes received from Qualifying Members in the ballot box or boxes as they are received.
- (11) The counting of votes received by Direct Ballot shall be supervised by the Returning Officer.
- (12) The Returning Officer may be assisted in the performance of his or her duties by any person (who would be eligible to be a Returning Officer) appointed by the Returning Officer.
- (13) Ballot papers received after noon on the Ballot Closing Date are informal and must not be taken into account in the Direct Ballot.
- (14) As soon as practicable after noon on the Ballot Closing Date, the Returning Officer must, in the presence of such scrutineers as may be appointed by the **directors**, open the ballot box or boxes and deal with the contents in accordance with clause A6-4(15).
- (15) The Returning Officer must:
- (a) remove the middle envelope from the outer envelope;
  - (b) if a duplicate outer envelope has been issued and the original outer envelope is received, reject the original envelope and mark it "Rejected";
  - (c) according to the information on the middle envelope, for each set of voting papers returned, mark the Qualifying Member's name on the roll;
  - (d) if a Qualifying Member's name has already been marked on the roll, reject the vote and mark it "Rejected";
  - (e) if the middle envelope has not been signed, or if the details shown on the envelope are not sufficient to disclose by whom the vote is being exercised, reject the envelope and mark it "Rejected";
  - (f) extract the inner envelopes containing the ballot papers from all un-rejected middle envelopes, separating the contents from the middle envelopes in such a way that no inner envelope could subsequently be identified with any particular Qualifying Member; and
  - (g) when all the middle envelopes have been dealt with in the above manner, open all un-rejected inner envelopes and take the ballot papers from them.
- (16) The ballot papers must be scrutinised by the Returning Officer who must reject as informal any ballot paper that:
- (a) is not duly initialled or marked by the Returning Officer;

- (b) is so imperfectly completed that the intention of the Qualifying Member cannot be ascertained by the Returning Officer;
  - (c) has any mark or writing not authorised by this Appendix which, in the opinion of a Returning Officer, will enable the Qualifying Member to be identified; or
  - (d) has not been completed as prescribed on the ballot paper itself.
- (17) No meeting of **members** is required to be held for the counting of the votes received by the **credit union** by Direct Ballot.
- (18) The Returning Officer must count all votes cast and make out and sign a statement of:
- (a) the number of formal votes in favour of approving the adoption of the Demutualisation Resolution;
  - (b) the number of formal votes against approving the adoption of the Demutualisation Resolution;
  - (c) the number of informal votes;
  - (d) the number of middle envelopes marked "Rejected"; and
  - (e) the proportion of the formal votes that were in favour of approving the adoption of the Demutualisation Resolution.
- (19) The Returning Officer must forward a copy of the statement to the Chair of the **credit union**.
- (20) Following the counting of votes in the Direct Ballot the **credit union** will:
- (a) display the result at its registered office and on the **credit union's** website;
  - (b) notify **members** of the result of the Direct Ballot within 21 days; and
  - (c) retain the Direct Ballot votes in the possession of the **credit union** for a period of 3 months, at the end of which period they will be destroyed.

#### **A6-5. Disclosure Requirements**

- (1) If a meeting of the **credit union** at which a Demutualisation Resolution will be considered is convened or is to be convened at the request of **members** made under section 249D of the *Corporations Act*:
- (a) the **member** or **members** requesting the convening of the meeting shall at the time of requesting the convening of the meeting provide the Information to the **credit union**; and
  - (b) the **credit union** shall at the time of convening the meeting provide the **members** with:
    - (i) notice of the Demutualisation Resolution and of the intention to consider the Demutualisation Resolution as a special resolution in accordance with section 249L(1)(c) of the *Corporations Act*;
    - (ii) the Information supplied to the **credit union**;
    - (iii) the Directors' Statement; and



(iv) such further information, if any, as the **directors** consider appropriate.

- (2) If a meeting of the **credit union** at which a Demutualisation Resolution will be considered is convened or is to be convened or by **members** in accordance with sections 249E or 249F of the *Corporations Act*, the **member** or **members** requesting the convening of the meeting shall at the time of convening the meeting provide the Information to the **members**.

#### A6-6. Costs

If a meeting of the **credit union** at which a Demutualisation Resolution will be considered is convened by the **directors** at the request of **members** made under section 249D of the *Corporations Act* or by **members** in accordance with sections 249E or 249F of the *Corporations Act*, then the Requisitionists will:

- (a) provide to the **credit union**, at the time of making the request or convening the meeting, an indemnity in respect of the liability that the Requisitionists may incur to the **credit union** for the Additional Costs in a form satisfactory to the **directors**; and
- (b) if the Demutualisation Resolution is not passed at a general meeting, or if the Demutualisation Resolution is passed at a general meeting but its adoption is not approved by a Direct Ballot, be jointly and severally liable to the **credit union** for the Additional Costs and will pay the Additional Costs to the **credit union** within 7 days of the **credit union** making a written demand for payment.

#### A6-7. Termination of this Appendix

This Appendix will cease to have effect at the end of the first AGM of the **credit union** held after 1 July 2021.