

Pathwise Credit Union

Market Code of Conduct

March 3, 2022



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MARKET CODE OF CONDUCT

GENERAL

Pathwise Credit Union (Pathwise) will comply with the Market Code of Conduct for Ontario Credit Unions.

DEFINITIONS

For the purposes of this Code the following words shall have the meanings ascribed to them below. Wherever a plural expression is defined below, that expression is considered as including the singular where required by the context:

“Accounts” includes Membership Accounts, Deposit Accounts, Credit Accounts, or Products, or Services, as defined in this Code;

“Account Holder” is an individual that holds an Account with the credit union other than a membership account;

“Advertisements” include any promotion of any credit union Products or Services, made in any public manner, including in-branch¹, in print, on the radio, on the television, and in electronic media;

“Agreement” is a legally binding arrangement between the Credit Union and a Member or Account Holder² and may include, financial services agreements, account operating agreements, and terms and conditions;

“ATM” means an Automated Teller Machine;

“Board” means the Credit Union’s Board of Directors;

“Code” means this Market Conduct Code for Ontario Credit Unions;

“Complaint” includes any expression of dissatisfaction about a Product or Service received by the credit union;

“Consumer” includes a potential Credit Union Member or Account Holder;

“Credit Account” includes all credit facilities, such as, loans, mortgages, credit cards, lines of credit, and overdrafts;

¹ Regardless of whether in digital or paper form.

² Consumers are not included in this definition because individuals that have Agreements with the credit union fit the Code’s definition of a Member or Account Holder.

“Deposit Account” includes an account held by a Member or Account Holder³ and allows money to be deposited and withdrawn. This includes accounts such as savings and chequing accounts;

“Marketing Materials” includes any materials that the credit union makes available to any individual for the purpose of making that individual aware of any credit union products or services, including materials in print and electronic form;

“Member” means a “member” of a credit union as defined in the Credit Union Incorporation Act and the Financial Institutions Act as applicable;

“Membership Account” is an account where a member is given a credit union member share;

“Onboarding” means the opening of any account for any individual who has no other accounts with the Credit Union;

“Personal Information” is defined as in the Personal Information Protection and Electronic Documents Act (PIPEDA) / The Personal Information Protection Act in Ontario;

“Products” includes all products offered by the Credit Union, including registered products;

“Senior Management” includes personnel who are members of the Credit Union’s highest level of management – e.g., its core management, executive management or upper management team;

“Services” includes any activities involved in accepting and safeguarding money owned by individuals or entities, and the lending out of this money;

“Terms and Conditions” refers to the set of rules the credit union and a Member, Account Holder, or Consumer agree to abide by in order to acquire and/or use a credit union product or service, including, but not limited to, service fees and account structures;

“Vulnerable Members” includes any adult Members, Account Holders or Consumers who by nature of a physical, emotional or psychological condition are permanently or temporarily dependent on other persons for financial care and assistance and/or incapable of making decisions about their financial affairs; and

“Whistleblower” means employees of the credit union who report suspected unethical conduct in anonymity.

³ Consumers are not included in this definition because individuals that have a Deposit Account with the credit union fit the Code’s definition of a Member or Account Holder.

OBJECTIVES

The Market Code of Conduct recognizes best practice principles to follow for soliciting, promoting, advertising, marketing, selling, or distributing our products and services. The five key principles of the Market Code of Conduct include:

- **Business Practices:** Pathwise is committed to providing fair treatment to all of our members and customers using our products and services. It is a core component of our governance and corporate culture.
- **Fair Treatment and Fair Sales Practices:** Treating Members and Customers fairly and demonstrating fair sales practices at all times are integral parts of Pathwise's business practices.
- **Access to Banking Services:** Pathwise will ensure that all credit union members and customers are granted access to fundamental financial services.
- **Transparency and Disclosure:** Pathwise uses plain-language descriptions of products and services in its communications to ensure people make informed decisions.
- **Complaint Handling:** Pathwise examines complaints and works to settle them fairly. Complaints are tracked to help ensure that our practices continue to improve.

Pathwise shall ensure that procedures and training materials address key obligations under the Market Code of Conduct and that employees are properly trained.

RESPONSIBILITIES

The Board of Directors, through the Chief Executive Officer (CEO), is responsible for ensuring the overall fair treatment of members and adherence to the Market Code of Conduct.

The CEO shall ensure that Pathwise has created an environment which gives employees the necessary training and tools to understand the Market Code of Conduct and enable them to remain compliant with its principles.

Annually the CEO shall:

- Present to the Board Pathwise's self-assessment and demonstrate adherence to the principles of the Market Code of Conduct.
- Provide the self-assessment and the adherence declaration to the regulator.

OUR MARKET CODE PRINCIPLES

Credit unions are unique institutions. Operating in Canada for over 100 years, credit unions are financial cooperatives that are governed and financed differently than banks. At credit unions, members are shareholders. Being a member means sharing in the credit union's success.

Our primary motivation is providing quality products and financial advice services to our members. We are committed to ensuring that our members are completely satisfied with the level of services they receive.

Pathwise has been operating in Ontario for over 80+ years. We believe everyone deserves a path to financial success. Pathwise exists to guide members through their unique financial journey, no matter where they are or what they're looking forward to. We are committed to ensuring that our members are completely satisfied with the level of services they receive.

What is most important for us at Pathwise is developing a deep understanding of our member's needs and offering solutions to help them on their path to financial success.

THIS IS OUR MARKET CONDUCT CODE

Our principles-based Code recognizes the best practices we pledge to follow for soliciting, promoting, advertising, marketing, selling, or distributing our products or services. The Code demonstrates our commitment to the fair treatment of all those who use our services. We believe in fair sales practices, access to banking services, transparency and openness, and a reasonable approach to settling complaints. Individuals are entitled to the best possible care of their financial interests.

Pathwise Credit union operate within a strong legal and regulatory framework and continually practice absolute excellence in consumer protection. In addition to the best practices set out in the Code, we respect all our legislative regulatory obligations. Our best practices can be summarized in five key principles:

Business Practices:

We are committed to ethical business practices and the financial well-being of our members and customers using our products and services. It is a core component of our governance and corporate culture.

Fair Treatment and Fair Sales Practices:

Treating members fairly, acting in good faith and demonstrating fair sales practices at all times are integral parts of our business practices.

Access to Banking Services:

We ensure that all credit union members and customers are granted access to basic financial services.

Transparency and Disclosure:

The credit union considers the financial needs of its members, provides clear and transparent disclosure and uses plain language and/or user-friendly language descriptions of products and services in its communications to ensure people make informed decisions.

Complaints:

We have clear processes for resolving and escalating complaints. We examine complaints and work to settle them fairly and in a timely manner, and we track complaints to help ensure our practices continue to improve.

PREAMBLE

Pathwise is an independent financial cooperative, meaning we are governed and financed differently than banks. Credit Union members are owners that have a say in the credit union's actions. Members elect a Board to provide leadership and ensure that members' views are represented. Credit unions have always been motivated to provide financial service and advice to their members, account holders, consumers and communities, not just to grow profits.

Being a member/ owner also means sharing in the credit union's success. We distribute patronage dividends, and contribute to community initiatives. As a community- owned financial institution, the credit union is sensitive to its member's satisfaction with the level of service they receive.

We repeatedly demonstrate excellence in customer service, as evidenced by independent measures, local acclamations and awards⁴.

LANGUAGE IN THIS CODE

Reference to the word “**will**” in sections throughout this Code means the credit union is required to adhere to that section.

Reference to the word “**should**” in sections throughout this Code means it is an industry standard and recommended that the credit union adhere to that section.

Reference to the word “**may**” in sections throughout this Code means it is at the discretion of the credit union to decide whether to adhere to that section.

Reference to the word “**inform**” in sections throughout this Code means it is at the discretion of the credit union to decide how to inform⁵. It is recommended that when the credit union refuses a Product or Service to a Member, Account Holder, or Consumer, they do so in writing, subject to any requirements to the contrary⁶.

⁴ As evidenced by receipt of 5 Reader's Choice Awards in Oshawa/Whitby/Clarington 2021.

⁵ For example, digitally, orally, in paper format.

⁶ For example, Suspicious Transaction Reporting – Tipping off

1. BUSINESS PRACTICES

We are committed to ethical business practices and the financial well-being of our Members and Account Holders and Consumers using our products and services. It is a core component of our governance and corporate culture.

1.1 Business Culture

The Credit Union will promote an ethical “fair treatment” business culture in which it makes strategic decisions, demonstrates in its daily conduct, and communicates with credit union employees, its corporate commitment to the financial well-being and fair treatment of all Members, Account Holders, and Consumers⁷.

1.2 Governance and Accountability

The Credit Union’s Board, as elected by the Credit Union Membership, is responsible for overseeing Senior Management’s implementation and adherence to the Code and for ensuring the overall fair treatment of Members, Account Holders, and Consumers. The credit union will implement a policy and/or procedure that sets out:

- The Credit Union’s requirement to promote a “fair treatment” corporate culture, as per section 1.1;
- who, at the Board level⁸ will be responsible for ensuring adherence to the Code; and
- that the Board will review the report set out in section 1.3 and take necessary action to ensure deficiencies noted in the report are remedied, in a manner that is best suited to the credit union.

1.3 Reporting to the Board

At least annually, Senior Management will be responsible for reporting to the Board on the Credit Union’s adherence to the principles in this Code, including the results of the credit union’s annual self-assessment.

1.4 Protection of Personal Information

The credit union will **safeguard, collect, use, and disclose** Personal Information in accordance with the *Personal Information Protection and Electronic Documents Act (PIPEDA)*.

Pathwise also commit to collaborating with partners, contractors and third-party providers for digital financial transactions which adhere to cyber security frameworks that are informed by international or national industry standards or guidelines which support the following principles in accordance with the G7 Fundamental Elements of Cybersecurity for The Financial Sector:

- **Cybersecurity Strategy and Framework:** Establishes and maintains a cybersecurity strategy and framework.

⁷ *Conduct of Insurance Business and Fair Treatment to Customers, Canadian Council of Insurance Regulators, Canadian Insurance Services Regulatory Organizations (2018 Sept), p. 9, online: <https://www.ccir-ccra.org/Documents/View/3450>*

⁸ *For example, The Board as a whole, or a Board committee.*

- **Governance:** Defines and facilitates performance of roles and responsibilities for personnel implementing, managing, and overseeing the effectiveness of the cybersecurity strategy and framework.
- **Risk and Control Assessment:** Identifies functions, activities, products, and services—including interconnections, dependencies, and third parties—prioritizes their relative importance, and assess their respective cyber risks. Identifies and implements controls—including systems, policies, procedures, and training—to protect against and manage those risks within the tolerance set by the governing authority.
- **Monitoring:** Establishes systematic monitoring processes to rapidly detect cyber incidents and periodically evaluate the effectiveness of identified controls.
- **Response:** Conducts timely (a) assessments on the nature, scope, and impact of a cyber incident; (b) contain the incident and mitigate its impact; (c) notify internal and external stakeholders (such as law enforcement, regulators, and other public authorities, as well as members, third-party service providers, and customers as appropriate); and (d) coordinate joint response activities as needed.
- **Recovery:** Resumes operations responsibly, while allowing for continued remediation, including by (a) eliminating harmful remnants of the incident; (b) restoring systems and data to normal and confirming normal state; (c) identifying and mitigating all vulnerabilities that were exploited; (d) remediating vulnerabilities to prevent similar incidents; and (e) communicating appropriately internally and externally
- **Information Sharing:** Engages in the timely sharing of reliable, actionable cybersecurity information with internal and external stakeholders (including entities and public authorities within and outside the financial sector) on threats, vulnerabilities, incidents, and responses to enhance defenses, limit damage, increase situational awareness, and broaden learning.
- **Continuous Learning:** Reviews the cybersecurity strategy and framework regularly and when events warrant.

1.5 Financial Well-being and Financial Literacy

The Credit Union values and supports the financial well-being and financial literacy of Members, Account Holders and Consumers. In this regard, the Credit Union should engage in efforts to support financial literacy in their communities and include the development and execution of initiatives that support credit union values in its business planning cycle.

Initiatives that support these values may include offering awareness and/or **education on improving credit bureau scores, safely using internet and mobile banking**, and improving financial well-being through appropriate **financial planning**.

1.6 Whistleblowing

The Credit Union will provide a channel through which Whistleblowers can report suspected unethical conduct in anonymity while respecting the rights of those about whom concerns are raised, to address or answer those concerns.

The Credit Union will have a policy and/or procedure in place for employees to report incidents of actual or potentially improper or unethical conduct, without fear of reprisal or

unwarranted negative consequences. Whistleblowers will be protected, to the extent possible under the circumstances, as described in the Credit Union's procedures.

The Credit Union's Board is responsible for periodically reviewing, approving, and maintaining the 'Whistleblower' policy and/or procedure. Senior Management of the Credit Union is responsible for managing, monitoring and controlling credit union operations, in accordance with the 'Whistleblower' policy and/or procedure.

1.7 Lobbying Activities

The Credit Union, like any other business, association, or individual, may occasionally interact with government and comment on policy, legislation, regulation, or other actions of government. This activity is both legitimate and in the best interests of the credit union and its Members and Account Holders.

In conducting these activities, a credit union may employ a lobbyist, either on staff or as a consultant, and when doing so will ensure that each lobbyist will act in accordance with any laws and regulations that apply to them, including registration with the Ontario Lobbyist Registry as per the requirements therein.

2. FAIR TREATMENT AND FAIR SALES PRACTICES

Treating members and customers fairly, acting in good faith and demonstrating fair sales practices at all times are integral parts of our business practices.

2.1 Fair Treatment

Credit unions will treat Members, Account Holders, and Consumers fairly during their dealings with the credit union⁹. This section 2.1 (including subsections), sets out what fair treatment means and is meant as a minimum standard for fair treatment.

2.2 Discrimination

Unless the distinction is required or justified by any law¹⁰, or is a special Product or Service offering that is designed for Members, Account Holders, or Consumers of a particular target market group, the credit union will not discriminate against individuals for any reason set out in the Ontario Human Rights Code, as found [here](#).

2.3 Take Advantage

The Credit Union will not knowingly take advantage of anyone through manipulation, concealment, misrepresentation of facts, unfair dealings, or unethical activity, or knowingly take advantage of anyone who is unable to protect their own interests.

2.3.1 Conflicts of Interest

Where conflicting interests compete with the Credit Union's duty of care owed to Members, Account Holders, and Consumers, risks may be created. The credit

⁹ Sound Commercial Practices Guideline, AMF, (2013 Jun), p. 7, online: https://lautorite.qc.ca/fileadmin/lautorite/reglementation/lignes-directrices-assurance/ligne-directrice-saines-pratiques-commerciales_an.pdf

¹⁰ Such as for closed bond of association credit unions.

union will take all reasonable steps to identify, and avoid or manage, conflicts of interest.

In this regard, the Credit Union will ensure conflicts of interest are appropriately dealt with, by having a policy and/or procedure in place for addressing them. The Credit Union will decline to act where conflicts of interest cannot be avoided or managed satisfactorily¹¹.

2.3.2 Debt Collection

The Credit Union and debt collection service providers it may engage will not use threatening, intimidating or abusive language, or apply excessive or unreasonable pressure to repay against any borrower of the Credit Union, including the use of any false statement, any unfair practice, or harassment.

2.4 Fair Sales

The Credit Union provides accurate Product and Service information to assist Members, Account Holders, and Consumers in making appropriate Product and Service choices¹². This section 2.2 (including subsections) sets out what fair sales means and is meant as a minimum standard for fair sales.

2.4.1 Product and Service Advertising and Promotion

The Credit Union will ensure its advertising, marketing materials, and communications are fair, accurate, clear, not deceptive or misleading, and in accordance with advertising standards that may apply to it. An example of such standards is the Canadian Code of Advertising Standards¹³.

The Credit Union will also ensure that where it uses the terms “bank”, “banking”, or “banker” in any Product or Service advertising or marketing materials, it will adhere to the “Banking Terminology” requirements set out in section 4.7.

2.4.2 Appropriate Products and Services

The Credit Union will give Members, Account Holders, and Consumers sufficient information on the Products or Services it offers to enable the selection of the most suitable, affordable, and appropriate Product or Service.

2.4.3 Professional Standards and Professional Development

The Credit Union is committed to high professional practices, ethics, and behaviors. The Credit Union will ensure the professional development of its employees, as needed, and credit union employees will exercise reasonable and prudent judgement when recommending Products and Services to meet the needs of Members, Account Holders and Consumers.

¹¹ *Conduct of Insurance Business and Fair Treatment to Customers, Canadian Council of Insurance Regulators, Canadian Insurance Services Regulatory Organizations (2018 Sept)*, p. 13, online: <https://www.cci-ccrra.org/Documents/View/3450>

¹² *Sound Commercial Practices, AMF (2013 Jun)*, p. 10, online: https://lautorite.qc.ca/fileadmin/lautorite/reglementation/liques-directrices-assurance/liqne-directrice-saines-pratiques-commerciales_an.pdf

¹³ *The Canadian Code of Advertising Standards, Online: <https://adstandards.ca/code/>*

Knowledgeable employees will be accessible in-person through the branch, online through email or other electronic means, or through toll-free call centers or branch telephone numbers for Members, Account Holders, and Consumers to contact if they have questions about a Product or Service. This information should be available on the Credit Union's website.

2.4.4 Tied Selling and Undue Pressure

The Credit Union will not impose undue pressure¹⁴ on, or coerce or force Members, Account Holders, or Consumers to obtain Products or Services as a condition for obtaining other Products or Services – this is considered 'coercive tied selling' and is illegal in Canada. The Credit Union will not impose undue pressure on or coerce a person to buy or obtain a Product or Service that they do not want, in order to obtain another desired Product or Service.

2.4.5 Preferential Pricing

Preferential pricing means offering a person a better price or rate on all or part of their business. The Credit Union may offer preferential pricing. For example, the Credit Union may offer a better price or rate on a Product or Service if the Member, Account Holder, or Consumer has or acquires several of the credit union's Products or Services. The Credit Union will be transparent to the Member, Account Holder, or Consumer about such preferential price or rate.

2.4.6 Negative Option Billing

Negative option billing is a business practice with which unsolicited goods and services are provided automatically and where a person must either pay for the service or specifically decline it in advance of billing. The Credit Union will not practice negative option billing.

For example, the Credit Union cannot provide a free or introductory trial offer for a Product or Service, and then at the end of the offer, automatically enroll the individual for the Product or Service and charge them for it.

2.4.7 Obtaining Consent

The Credit Union will obtain the Members', Account Holders', or Consumers' express consent¹⁵ for new and optional Products or Services, such as mortgages or creditor insurance, etc. *See subsection 4.6.1 for "Changes to Terms and Conditions"*.

2.4.8 Risk Management

The Credit Union may apply to the extent necessary, reasonable requirements¹⁶ on Members, Account Holders, or Consumers as a condition of acquiring a Product or Service in order to manage risk, costs, or to comply with any laws that apply to the Credit Union.

¹⁴ "Undue Pressure" means any pressure, imposed by a practice or communication, that could be reasonably considered to be excessive or persistent in the circumstances.

¹⁵ The individual must clearly agree to a product or service in writing or verbally before. FCAC, online: <https://www.canada.ca/en/financial-consumer-agency/services/rights-responsibilities/rights-negative-option-billing.html>.

¹⁶ For example, require an individual to increase their credit score before providing them with a credit card.

2.4.9 Providing Products and Services Digitally and Onboarding Digitally

Where Products and Services are offered digitally, the same level of fair treatment, transparency, and disclosure should be applied as with traditional means, in a manner appropriate to the medium, including, where necessary, access to a knowledgeable credit union employee¹⁷.

2.5 Vulnerable Members

Vulnerable Members may have physical or cognitive challenges impacting their capacity to access or use financial products and services, which could make them susceptible to financial exploitation. The Credit Union recognizes that Vulnerable Members may have a greater need for tailored financial advice, strategies and support, and should receive effective, but not intrusive, form of support, assistance or protection when they are unable to care for their financial affairs.

While not all elder members are vulnerable or unable to protect their own interests, certain vulnerabilities may be more common among elder members.

2.5.1 Identification of Vulnerable Members

The Credit Union will implement policies and procedures to identify and support Vulnerable Members, including processes for employees to report and escalate concerns relating to the possible financial exploitation or abuse of vulnerable members.

2.5.2 Communication with Vulnerable Members

The Credit Union will implement measures to support effective communication with Vulnerable Members, taking into account issues relating to vision, hearing, mobility or other physical or cognitive impairments.

2.5.3 Training and Resources to support Vulnerable Members

The Credit Union will provide appropriate training and make appropriate resources available to employees who serve Vulnerable Members, ensuring they understand issues and challenges more common to Vulnerable Members and their financial service needs and are better prepared to identify potential financial exploitation.

2.5.4 Endeavoring to Mitigate Potential Financial Harm to Vulnerable Members

The Credit Union will implement measures to support awareness of potential financial exploitation and abuse of Vulnerable Members. Where the Credit Union becomes aware of the likelihood of financial exploitation or abuse of Vulnerable Members, it will endeavor to mitigate potential financial harm, while respecting members' privacy, security and autonomy.

2.5.5 Taking into Account Vulnerable Member Needs

The Credit Union will take into account the needs of Vulnerable Members when providing notice of changes to products and services, fee structures, or the terms

¹⁷ Treating Financial Consumers Fairly Guideline, FSCO, online: https://www.fSCO.gov.on.ca/en/about/superintendent_guidelines/Pages/fair-treatment-guidelines.aspx

and conditions of the Financial Service Agreement. The Credit Union will ensure complaint handling procedures provide fair access and appropriate assistance to Vulnerable Members wishing to file a complaint.

3. ACCESS TO BANKING SERVICES

We ensure that all credit union members and customers are granted access to basic financial services.

3.1 Opening of Deposit Accounts

The Credit Union should open a Deposit Account for any individual whose identity it can verify, unless it has a sound business reason for not doing so (see below). Identity will be verified in accordance with the Credit Union's Deposit Account opening process. At a minimum, the identification requirements in the Proceeds of Crime (Money Laundering) and Terrorist Financing Act¹⁸, will be used to verify identity.

The Credit Union may refuse to open a Membership Account or a Deposit Account if it has a sound business reason for doing so, including if the applicant represents an unacceptable risk¹⁹ to the Credit Union (as set out in section 3.2).

The Credit Union cannot refuse to open a Membership Account or a Deposit Account if (i) the refusal is based on a reason that is prohibited grounds of discrimination, (ii) the refusal is solely because the applicant does not have a job or has been bankrupt, or (iii) if reasonable restrictions can be imposed to manage risk to the Credit Union (as set out in section 3.2 and section 3.3, including subsections).

3.2 Refusal to Open a Deposit Account

The Credit Union may refuse to open a Membership Account or a Deposit Account if it has a sound business reason to do so. A sound business reason can include the following:

The Credit Union has reasonable grounds to believe²⁰ that:

- The account will be used to break the law or commit fraud,
- The applicant intentionally provided false information when the account was opened,
- The opening of the account will expose the credit union Members or Account Holders, or employees to physical harm, harassment, or abuse, or
- The applicant has a history of illegal or fraudulent activity with the credit union or any provider of financial services;
- The applicant cannot or will not provide acceptable identification, in accordance with the Credit Union's Membership Account and/or Deposit Account opening process;

¹⁸ Proceeds of Crime (Money Laundering) and Terrorist Financing Act: <https://laws-lois.justice.gc.ca/eng/acts/p-24.501/>

¹⁹ "Unacceptable risk" is to be determined by the credit union. The credit union must ensure that it does not refuse to open an account for reasons set out in section 3.2.3.

²⁰ Reasonable grounds to believe is more than a reasonable suspicion.

- The applicant will not allow the credit union to verify identification or information provided;
- The Credit Union has a sound business reason to place restrictions on the Deposit Account and the applicant will not accept the restrictions;
- The applicant represents an unacceptable risk²¹ to the Credit Union; or
- The applicant does not meet the Credit Union's membership requirements.

The Credit Union may also refuse to open a Membership Account or a Deposit Account or impose restrictions if the applicant has previous write-offs and losses or a poor credit bureau score.

The Credit Union will not refuse to open a Membership Account or Deposit Account solely due to a lack of employment, bankruptcy, or if the refusal would constitute a breach of the Ontario Human Rights Code.

3.2.1 When the Credit Union Refuses to Open a Deposit Account

When the Credit Union refuses to open a Membership Account or a Deposit Account, it will inform the applicant that it will not be opening the Account.

3.2.2 When the Credit Union Should Not Refuse to Open a Deposit Account

Subject to section 3.2 and section 3.3 (including subsections), the Credit Union should not refuse to open a Membership Account or a Deposit Account, if, other than for the cost of the Credit Union's minimum share requirement, the applicant is not making an immediate initial deposit.

3.2.3 Closing a Deposit Account

Where the Credit Union closes a Membership Account or a Deposit Account, it will do so in accordance with the agreement that governs the relationship between the Member or Account Holder²², and the Credit Union.

NOTE: *There is a difference between closing a Deposit Account and terminating a membership. Where the Credit Union terminates a membership, it must do so in accordance with its provincial legislation²³.*

3.3 Restrictions on Deposit Accounts

The Credit Union may choose to impose reasonable restrictions on certain Deposit Accounts for risk management purposes. Restrictions may include:

- Placing temporary holds on cheques deposited to allow reasonable time for such items to clear;
- Limiting the amount of cash provided back on cheque deposits;
- Limiting or revoking:
 - overdraft or chequing privileges,

²¹ "Unacceptable risk" is to be determined by the credit union, subject to subsection 3.2.3.

²² Consumers are not included in this section as individual's that have a Deposit Account with the credit union fit the Code's definition of a Member or Account Holder.

²³ Credit Union Act, or an equivalent

- online privileges, or
- debit card privileges, including ATM withdrawal limits;
- Placing restrictions mandated by law or legal judgement that applies to the Credit Union; or
- Placing any other reasonable restrictions necessary for risk management purposes.

3.4 Low-Fee and No-Fee Deposit Accounts

The Credit Union should offer 'low-fee' and/or 'no-fee' Deposit Accounts to provide access to basic banking services to Members who would not otherwise be able to open and operate other types of accounts because of higher costs.

3.4.1 Individuals Eligible for Low-Fee and/or No-Fee Deposit Accounts

Where the Credit Union offers 'low-fee and/or 'no-fee' Deposit Accounts, the Credit Union will decide the eligibility criteria for each account. The criteria should be appropriate to meet the purpose stated in section 3.4.

3.4.2 Low-Fee Deposit Account – Monthly Fees

Where the Credit Union offers a 'low-fee' Deposit Account, it will determine the monthly fee to charge for the account. The fee should be appropriate to meet the purpose stated in section 3.4.

***NOTE:** The Credit Union may apply charges for transactions that occur over established limits.*

3.4.3 Features of Low-Fee and/or No-Fee Deposit Accounts

Where applicable, the Credit Union offers low-fee and no-fee accounts to ensure basic banking services are available to those who cannot otherwise afford an account. The Credit Union will determine the features of any 'low-fee' and/or 'no-fee' accounts.

3.5 Access to Funds

Credit unions should offer immediate access to the first \$100 of all funds deposited by cheque²⁴ (on any one day) into a deposit account, or on the next business day, if the cheque is deposited through an Automated Teller Machine (ATM).

3.5.1 Restricting Access to Funds

For risk management purposes, the Credit Union may limit the amount of funds accessed or extend the hold- period for cheques deposited into Deposit Accounts. See section 3.5.2 for examples where access to funds may be refused. These may be changed, from time to time, as deemed appropriate by the Credit Union. The Credit Union should have a sound business reason for limiting access or changing hold periods.

²⁴ The Access to Funds Regulations (s. 2) say that Access to the first \$100 applies "only with respect to paper-based cheques... deposited in Canada that are encoded with magnetic ink to allow for character recognition, are not damaged or mutilated such that they are unreadable by cheque clearing systems, are drawn on an institution's branch located in Canada and are issued in Canadian dollars".

Where the Credit Union reduces a funds access limit amount or increases a cheque hold-period as per section 3.5.2, the Credit Union will inform the affected Member or Account Holder of that change. However, in cases where the Credit Union has reasonable grounds to believe²⁵ that the deposit is being made for illegal or fraudulent reasons, the Credit Union's responsibility to inform the member may be waived in accordance with the Credit Union's anti-money laundering policy²³.

3.5.2 Refusal of Access to Funds

The Credit Union does not have to grant Members or Account Holders²⁵ with access to funds deposited by cheque, into a Deposit Account, if:

- The account has been opened for less than 90 days;
- The cheque has been endorsed more than once;
- The cheque is being deposited more than six months after the date of the cheque;
- The cheque is not issued in Canadian dollars;
- The cheque is issued from a branch outside of Canada; or
- The Credit Union has reasonable grounds to believe²⁵ that the deposit is being made for illegal or fraudulent reasons.

3.5.3 When the Credit Union Refuses Access to Funds

Where the Credit Union refuses a Member's or Account Holder's²⁶ request to access the first \$100 deposited by cheque (on any one day) into a Deposit Account, the Credit Union should inform the individual that it will not be making the funds available.

3.6 Cashing of Government of Canada Cheques

The Access to Basic Banking Services Regulations²⁷ for federally regulated financial institutions require that any branch that dispenses cash through a teller must cash a Government of Canada cheque if the cheque is for \$1,500 or less and the individual cashing the cheque shows acceptable identification²⁸. The federal government provides an indemnity of up to \$1,500, per occurrence, to all financial institutions that provide this service and are members of the Canadian Payments Association²⁹.

While the Access to Basic Banking Services Regulations do not apply to credit unions, the Credit Union should follow the Regulations for cashing Government of Canada cheques³⁰ for Members, Account Holders, and Consumers.

Canada's Financial Administration Act provides that financial institutions, including the Credit Union, shall not charge a fee for cashing a Government of Canada cheque.

²⁵ Reasonable grounds to believe is more than a reasonable suspicion.

²⁶ Consumers are not included in this section because individuals requesting access to funds would hold a Deposit Account with the credit union and fit the Code's definition of a Member or Account Holder.

²⁷ Access to Basic Banking Services Regulations, s. 6, online: <https://laws-lois.justice.gc.ca/eng/regulations/sor-2003-184/page-1.html#h-3>

²⁸ In accordance with the credit union's identification policy, procedure, or process.

²⁹ Canadian Payments Association, Rule G8: online: <https://www.payments.ca/sites/default/files/19-Sep-18/a8eng.pdf>

³⁰ Section 159(2)(a), online: <https://laws-lois.justice.gc.ca/eng/acts/F-11/page-28.html?txthl=cashing#s-159>

3.6.1 Refusal to Cash Government of Canada Cheques

The Credit Union may refuse to cash a Government of Canada cheque if one or more of the following apply:

- The cheque is for more than \$1,500;
- The individual requesting to cash the cheque cannot produce acceptable identification³¹;
- The cheque has been endorsed or signed by a third-party;
- There is evidence that the cheque has been altered in any way or is counterfeit;
- The Credit Union has reasonable grounds to believe³² that there has been illegal or fraudulent activity in relation to the cheque; or
- The Credit Union cannot verify that the cheque is legitimate, after contacting the federal government's 'Cheque Redemption and Control Directorate'³³.

3.6.2 Refusal to Cash Government of Canada Cheques for Individuals that are not Members or Account Holders

There is no legal requirement that a credit union cash a Government of Canada cheque for anyone who is not a Member or an Account Holder. However, in light of the federal regulations for banks³⁴ and the indemnity provided to all financial institutions that are members of the *Canadian Payments Association*³⁵, this is an expected industry standard.

3.6.3 Direct Deposit of Government of Canada Cheques

The Credit Union may assist its Members and Account Holders in signing up for direct deposit of their payments. The Credit Union should communicate the advantages of direct deposit such as: reliability, security, confidentiality and being environmentally friendly.

Enrolment of direct deposit forms can be obtained on the Government of Canada website [here](#).

4. TRANSPARENCY AND DISCLOSURE

The Credit Union considers the financial needs of its members, provides clear and transparent disclosure and uses plain-language descriptions of products and services in its communications to ensure people make informed decisions.

4.1 Properly Informed Decisions

The Credit Union will facilitate Members', Account Holders', or Consumers' ability to make properly informed decisions about a product or service, by:

- providing information that is:

³¹ In accordance with the credit union's identification policy, procedure, or process.

³² Reasonable grounds to believe is more than a reasonable suspicion.

³³ <https://www.canada.ca/en/financial-consumer-agency/services/rights-responsibilities/rights-banking/cashing-government-cheque.html>

³⁴ Access to Basic Banking Services Regulations, s. 6, online: <https://laws-lois.justice.gc.ca/eng/regulations/sor-2003-184/page-1.html#h-3>

³⁵ Canadian Payments Association, Rule G8: online: <https://www.payments.ca/sites/default/files/19-Sep-18/g8eng.pdf>

- user-friendly language³⁶ (wherever possible),
- clear about any risks, exclusions or limitations,
- up-to-date,
- does not hide, diminish, or obscure important statements or warnings, but rather makes sure important information is prominently displayed, and
- is based on disclosed personal circumstances and financial needs of the Member, Account Holder, or Consumer; and
- answering any questions asked about a product or service;
- having employees identify the types of products or services they are licensed or registered to sell or offer (if applicable); and
- disclosing any conflicts of interest³⁷, in accordance with section 2.3.1 (if applicable).

4.2 Reviewing Product and Service Information for User-friendly Language

The Credit Union should, periodically, and as needed, review product and service information to ensure it is written in user-friendly language and easily accessible to the relevant Member, Account Holder, or Consumer. Where necessary, the Credit Union will amend product or service information to be in user-friendly language³⁸.

4.3 Legally Required Disclosure

As a minimum standard, the Credit Union will disclose all legally required information. For example, as set out in the Credit Union's provincial legislation³⁹ or as set out in Agreements between the Member, or Account Holder⁴⁰, and the Credit Union.

4.4 Disclosure before or at the time a Product or Service is acquired

The Credit Union will facilitate the Members', Account Holders', or Consumers' ability to make informed decisions about a product or service, by informing them of the following:

- the key features;
- any associated risks, exclusions, or limitations;
- any financial implications of a transaction;
- all costs, including fees and charges;
- the key terms and conditions that apply; and
- the person's rights and obligations (e.g. their right to file a complaint or to cancel a product or service)⁴¹.

³⁶ Language for which "it is reasonable to conclude that an ordinary consumer of the class of persons for whom the document is intended, with average literacy skills and minimal credit experience, could be expected to understand the content, significance, and importance of the document without undue effort, World Bank Group, *Good Practices for Financial Consumer Protection* (2017), p. 23

³⁷ *Sound Commercial Practices*, AMF (2013 Jun), p. 14, online: https://lautorite.qc.ca/fileadmin/lautorite/reglementation/lignes-directrices-assurance/ligne-directrice-saines-pratiques-commerciales_an.pdf

³⁸ Plain language requirements can be assessed through policy review processes.

³⁹ For example, *Cost of Credit Disclosure Acts* (or equivalents).

⁴⁰ This section does not refer to Consumers because after a person has acquired a Product or Service, they fit the Code's definition of either a Member or Account Holder.

⁴¹ *Sound Commercial Practices*, AMF (2013 Jun), p. 14, online: https://lautorite.qc.ca/fileadmin/lautorite/reglementation/lignes-directrices-assurance/ligne-directrice-saines-pratiques-commerciales_an.pdf

4.4.1 Product Fact Sheets

The Credit Union should have product or service information available to provide to Members, Account Holders, and Consumers in the form of fact sheets. This information can be in paper or digital format, will be written in user-friendly language, and, at a minimum, will list the features set out in section 4.5.⁴²

4.4.2 Disclosure at Deposit Account Opening

The Credit Union will provide the Terms and Conditions Agreement of the Membership account when a person becomes a Member. The Terms and Conditions will be offered to Members and Account Holders again when they open a Deposit Account. The Credit Union should also provide an opportunity, whether in person or by email, to answer any questions the person may have and to facilitate understanding of the agreement.

4.5 Disclosure After a Product or Service is Acquired, including Deposit Account

The Credit Union will help Members and Account Holders⁴³ use their products and services and keep them informed by providing regular statements (where required by law) and by providing notice of changes to interest rate and service charges and advise members when terms and conditions change. This will be done in accordance with the “Notice” section in this Code (subsection 4.6.1)

4.5.1 Providing Product or Service-Related Documentation

When a Member or Account Holder acquires a product or service, the Credit Union will make available to that person, a copy of the documentation associated with that product or service.

4.5.2 Providing Product or Service-Related Statements

After a Member or Account Holder acquires a product or service, the Credit Union will provide statements as legislated, and when requested by the Member or Account Holder.

Where statements have already been provided to the Member or Account Holder, the Credit Union may charge a reasonable fee for providing duplicate copies.

4.5.3 Providing Mortgage Information

Upon request, the Credit Union will provide general mortgage information to Members and Account Holders⁴⁴ that have mortgages. The general information should include, how the prepayment penalty is calculated, applicable prepayment

⁴² FCAC, *Report on Best Practices in Financial Consumer Protection*, p. 24, “Disclosure and Transparency”, online: <https://www.canada.ca/content/dam/fcac-acfc/documents/programs/research-surveys-studies-reports/best-practices-financial-consumer-protection.pdf>

⁴³ This section does not refer to Consumers because after a person has acquired a Product or Service, they fit the Code’s definition of either a Member or Account Holder.

⁴⁴ This section does not refer to Consumers because if person has a Mortgage with the credit union, they fit the Code’s definition of either a Member or Account Holder.

privileges, and a contact number the Member or Account Holder can call to obtain specific information about his or her mortgage from the Credit Union.

4.6 Notices

4.6.1 Changes to Terms and Conditions

The Credit Union will notify Members and Account Holders of changes to Terms and Conditions as defined in the definitions of the Code, and in accordance with applicable disclosure legislation, or as set out in the respective Product or Service Agreement.

Where notice is not set out in legislation or the respective Agreement, the Credit Union will provide notice, as follows:

Change to Terms and Conditions

Notice will be provided and maintained for, at a minimum, 30 days after the change(s) take effect. The Credit Union can make changes to the terms and conditions to correct non-substantive, clerical errors without notice to Members or Account Holders.

Notice will be provided and maintained through the Credit Union's website (if applicable), and either by mail, statement message, electronically, or by posting in a branch.

The use of the Member or Account Holder's Accounts after the effective date of change is the Member or Account Holder's acceptance of the changes.

4.6.2 Branch Closures

Permanent or Temporary Branch Closures

The Credit Union will notify Members, Account Holders, and Consumers that a branch will be closing, as legally required (referred to in section 4.3).

Where the Credit Union is not legally required to provide notice of permanent or temporary branch closures, notice will be provided in the following manner:

Permanent Branch Closures

For permanent branch closures, the Credit Union will provide notice, in accordance with the notice requirements set out in subsection 4.6.4 of the Code, in the following manner:

- Where the branch is located in an urban area or in a rural area where there is another retail deposit-taking branch within a travelling distance of 10km from the branch:
 - with at least four months' notice before the branch will be closing;
 - as soon as possible, if the branch will be closing in less than four months; or

- as soon as possible, if the branch closes permanently due to unforeseen circumstances.
- Where the branch is not located in an urban area or in a rural area where there is another retail deposit-taking branch within a travelling distance of 10km from the branch:
 - with at least six months' notice before the branch will be closing;
 - as soon as possible, if the branch will be closing in less than six months; or
 - as soon as possible, if the branch closes permanently due to unforeseen circumstances.

Temporary Branch Closures

For temporary branch closures, regardless of the branch's location, the Credit Union will provide notice in accordance with the notice requirements set out in subsection 4.6.4 of the Code, in the following manner:

- within a reasonable period of time⁴⁵ before the temporary branch closure; or
- within as soon as possible after the branch is closed, if the branch closes temporarily due to unforeseen circumstances.

4.6.3 ATM Closures

The Credit Union should notify Members, Account Holders, and Consumers that an off-site or on-site ATM will be closing, as legally required (referred to in section 4.3).

Where the Credit Union is not legally required to provide notice of permanent ATM closures or temporary service interruptions for on-site and off-site ATMs, the Credit Union should provide notice when all of the following apply:

- an ATM will be closing permanently, there is a temporary service interruption, or the ATM is closed due to unforeseen circumstances; and
- the Credit Union's only provision of financial services is the ATM; and
- the ATM is not located in an urban area or in a rural area where there is another retail deposit-taking branch within a travelling distance of 10km from the branch, the Credit Union will provide notice requirements.

Permanent ATM Closures

For permanent ATM closures, the Credit Union should provide notice in accordance with the notice requirements set out in subsection 4.6.4 of the Code, in the following manner:

- with at least two months' notice before the ATM will be permanently closing;

⁴⁵ Credit union will determine what a reasonable period of time is given the circumstances, e.g.: the length of time the credit union is aware of the temporary closure in advance – the credit union knows 12 months in advance that the ATM will be closing temporarily for replacement, then the credit union may want to follow the permanent ATM closure notice requirements.

- if the ATM will be closing in less than two months, the credit union will provide notice as soon as possible; or
- if the ATM goes out of service due to unforeseen circumstances and will be closed permanently, as soon as reasonably possible after the ATM is out of service.

Temporary Service Interruptions

For temporary ATM closures, the Credit Union should provide notice in accordance with the notice requirements set out in subsection 4.6.4 of the Code, in the following manner

- if the ATM will be temporarily out of service, within a reasonable period of time⁴⁶ before the ATM will be out of service; or
- if the ATM temporarily goes out of service due to unforeseen circumstances, as soon as possible after the ATM is out of service, the Credit Union should develop a notice policy for temporary service interruptions less than 15 days and make it available to the consumer upon request. The policy may address temporary situations such as servicing, off-site ATMs in remote locations, acts of vandalism or a power outage.

4.6.4 Notice Content for Permanent and Temporary Branch or ATM Closures

For all permanent or temporary branch or ATM Closures, notice should be posted in branch and provided through the Credit Union's website (if applicable), or by mail, or statement message, or electronically.

Notice for permanent and temporary branch or ATM closures, not due to unforeseen circumstances should include:

- the location of the branch or ATM and the date proposed for its closure;
- alternative sites where, after that date, Members, Account Holders, or Consumers may obtain services similar to the Credit Union's, or a telephone number that Members, Account Holders, or Consumers may call to be informed of those sites;
- how the Credit Union may be contacted in respect of the permanent or temporary branch or ATM closure; and
- where the branch or ATM closure is temporary, an estimated date, if known, when the branch will be re-opened or the ATM will be available for use.

Notice for permanent or temporary branch or ATM closures due to unforeseen circumstances should include:

- the location of the branch or ATM closure,

⁴⁶ Credit union will determine what a reasonable period of time is given the circumstances, e.g.: the length of time the credit union is aware of the temporary closure in advance – the credit union knows 12 months in advance that the ATM will be closing temporarily for replacement, then the credit union may want to follow the permanent ATM closure notice requirements.

- alternative sites where Members, Account Holders, or Consumers may obtain services similar to the Credit Union's, or a telephone number that Members, Account Holders, or Consumers may call to be informed of those sites; and
- how the Credit Union may be contacted in respect of the branch or ATM closure.

4.7 Banking Terminology Disclosure Requirements

4.7.1 Disclosure

When credit unions use the words “bank”, and/or “banking”, and/or “banker” in Advertisements or Marketing Materials and when Onboarding⁴⁷, the credit union will disclose:

- That the Account being opened is a credit union Account (during Onboarding),
- That the credit union is not a Bank,
- The province the credit union is authorized to operate in, and
- The credit union's deposit insurance system.

4.7.2 Disclosure Exemptions

Disclosure exemptions include but are not limited to the following:

- Bank account
- Banking access
- Banking information
- Banking services
- Banking system
- Banking transaction
- Electronic banking
- Internet banking
- Mobile banking
- Online banking

4.7.3 Definitions – Advertisements, Marketing Materials, and Onboarding

For the purposes of this section 4.7, Advertisements, Marketing Materials, and Onboarding mean the following:

“**Advertisements**” include any promotion of any credit union Products or Services, made in any manner, including in-branch⁴⁸, in print, on the radio, on the television, and in electronic media.

⁴⁷ Both in-person and digitally (e.g. online Account opening).

⁴⁸ Regardless of whether in digital or paper form.

“**Marketing Materials**” includes any materials that the credit union makes available to any individual for the purpose of making that individual aware of any credit union Products or Services, including materials in print and electronic form⁴⁹.

“**Onboarding**” means the opening of any Account for any individual who has no other Accounts with the credit union.

4.7.4 Identifying Deposit Insurance System

The Deposit Insurance Reserve Fund (DIRF) provides a 100% guarantee of deposits held with Ontario credit unions. The Credit Union will follow the advertising requirements in accordance with the Regulator’s guidelines for deposit insurance.

The Financial Services Regulatory Authority of Ontario’s (FSRA) ensures that credit unions operate under sound business practices and maintain quality assets, thereby minimizing the risk of loss.

5. COMPLAINT HANDLING

We examine complaints and have clear processes for resolving escalating complaints. We work to settle them fairly and in a timely manner, and we track complaints to help ensure our practices continue to improve.

5.1 Complaint Handling Procedures and Processes

The Credit Union will establish a ‘complaint handling’ policy and/or procedure for resolving complaints fairly and transparently. The Credit Union’s ‘complaint handling’ policy and/or procedure will outline the process for handling complaints internally and externally, including the levels of severity required for the purposes of record keeping, as well as appropriate action to be taken. The Credit Union will designate an individual (e.g. a compliance officer or a senior employee) to be responsible for overseeing the complaints handling processes.

5.2 Making Complaint Handling Information Available

The Credit Union will make available to Members, Account Holders, and Consumers, the Credit Union’s complaint handling policy and/or procedure and the contact information for accessing the service. This information will be made available on the Credit Union’s website (if applicable), in branch, and upon request.

5.3 Handling Complaints

The Credit Union will handle Complaints in a fair⁵⁰ and transparent⁵¹ manner and responses will be timely.

⁴⁹ For example, materials available for download online.

⁵⁰ “Fair” means unbiased, impartial, equitable, timely, and without trying to achieve an unjust advantage against the complainant.

⁵¹ Transparent means the credit union will inform the complainant of the credit union’s complaint handling process and keep the complainant apprised of their complaint status, upon request.

5.4 Recording Keeping

The Credit Union's 'complaint handling' policy or procedure will outline record keeping, level of severity and appropriate action taken. Examples include: the level of severity for alleged loss of funds due to action or inaction by the Credit Union, mistreatment of a member, adjudication of loans, etc.

5.5 Reporting Complaints

The Credit Union will report to the Board, at least annually, on the number of complaints received, the general nature of those complaints, and how those complaints were dealt with.

The types of complaints that require reporting and/or responding to by the Board will be set out in the Credit Union's complaint handling policy and procedure.

Compliance

People and Culture Leader will maintain a log (Appendix A) of all of the procedures, who is responsible for the review of them, and when the last review was completed.

Review

This procedure will be reviewed on an annual basis by the People and Culture Leader

APPENDIXES

Appendix A – Procedure Review Inventory

Fair Treatment Policy (Code of Conduct)

Complaint Policy

Transparency (Code of Conduct)

Disclosure Policy

Access to Banking Services Policy

Business Practices Policy

Whistleblower Policy

Low Fee/No Fee Deposit Procedure

Access to Funds Procedure

Access to Basic Banking Services (Personal 1 Chequing Account)

Banking Terminology

