



PRINCE EDWARD ISLAND
ÎLE-DU-PRINCE-ÉDOUARD

CREDIT UNIONS ACT GENERAL REGULATIONS

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For more information concerning the history of these regulations, please see the *Table of Regulations* on the Prince Edward Island Government web site (www.princeedwardisland.ca).

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CREDIT UNIONS ACT
Chapter C-29.1

GENERAL REGULATIONS

Pursuant to section 157 of the *Credit Unions Act* R.S.P.E.I. 1988, Cap. C-29.1, Council made the following regulations:

1. Act

In these regulations, “**Act**” means the *Credit Unions Act* R.S.P.E.I. 1988, Cap. C-29.1. (EC586/11)

1.1 Definition of “unclaimed balance”

- (1) In this section, “unclaimed balance” means a deposit, including any interest, in an account that
- (a) has not had any transactions that were initiated by a member take place for 10 years; or
 - (b) has not had a statement of account requested or acknowledged by the depositor for 10 years.

Start of 10-year period

- (2) The 10-year period referred to in subsection (1) starts from
- (a) in the case of a deposit made for a fixed period, the day on which the fixed period terminated; and
 - (b) in the case of any other deposit, the later of
 - (i) the date on which the last transaction took place, and
 - (ii) the date on which a statement of account was last requested or acknowledged by the depositor.

Required policy

- (3) A credit union shall establish a policy, approved by the Corporation, that sets out definitions of dormant and inactive deposits and specifies how dormant and inactive deposits are to be treated before they become an unclaimed balance.

Notification respecting unclaimed balances

- (4) During the month of January in each year, for each deposit that has become an unclaimed balance since the last notification under this subsection, a credit union shall notify

- (a) each depositor in writing, mailed to the last address known to the credit union for the depositor, informing the depositor that the deposit has become an unclaimed balance and will be transferred to the Corporation unless the depositor, no later than 30 days after the date of the notice, gives instructions to the credit union as to the disposition of the unclaimed balance; and
- (b) the Corporation in writing of the particulars of each deposit.

Payment and transfer to Corporation

- (5) Where a credit union gives the required notice under subsection (4) and does not, within 30 days after the date of the notice, receive instructions from a depositor or creditor entitled to the unclaimed balance as to the disposition of the unclaimed balance, the credit union shall
 - (a) pay to the Corporation an amount equal to the unclaimed balance;
 - (b) transfer all signature cards and signing authorities relating to the unclaimed balance to the Corporation; and
 - (c) provide to the Corporation any other information known to the credit union regarding the unclaimed balance that the Corporation may require.

Corporation to maintain records

- (6) The Corporation shall
 - (a) keep a separate accounting of the unclaimed balance paid to the Corporation under subsection (5); and
 - (b) maintain appropriate records regarding the unclaimed balance to facilitate payment to a depositor or creditor entitled to it.

Payment discharges liability

- (7) Payment to the Corporation under subsection (5) discharges the credit union from all liability to a depositor or creditor in respect of that unclaimed balance.

Corporation to hold unclaimed balance

- (8) An unclaimed balance paid to the Corporation under subsection (5) shall be held in perpetuity unless claimed by a depositor or creditor entitled to it.

Request for payment by depositor, creditor

- (9) Where a depositor or creditor requests payment from the Corporation of an unclaimed balance to which the depositor or creditor is entitled, the Corporation shall pay the depositor or creditor
 - (a) the amount paid to the Corporation under subsection (5); and
 - (b) if the account in which the deposit was made required interest to be paid on the deposit, interest on the amount paid under subsection (5) from the date the amount was received by the Corporation at a rate of 2% per year. (EC950/24)

2. Liquid assets, form and amount

- (1) For the purposes of subsection 78(2) of the Act, a credit union shall maintain liquid assets
 - (a) in the form of
 - (i) cash and cash equivalents,
 - (ii) demand deposits in Atlantic Central or any other financial institution that is a member of the Canada Deposit Insurance Corporation, or

- (iii) term deposits, that have a maturity date of not more than a year, in Atlantic Central or any other financial institution that is a member of the Canada Deposit Insurance Corporation; and
- (b) in an amount
 - (i) sufficient to enable the credit union to meet its normal cash flow requirements and to maintain its eligibility to participate in the regional liquidity pool managed by Atlantic Central, and
 - (ii) not less than 10% of the total amount of member deposits in and outstanding corporate borrowing of the credit union.

Liquid assets, amount required

- (2) A credit union shall maintain a minimum of 90% of the amount required pursuant to subclause (1)(b)(ii) in financial instruments of Atlantic Central, which may include any amounts held in the regional liquidity pool managed by Atlantic Central as specified in the bylaws of Atlantic Central.

Restriction on borrowing

- (3) A credit union shall not borrow for the purpose of establishing and maintaining liquid assets other than from
 - (a) its members;
 - (b) Atlantic Central; or
 - (c) a financial institution on terms approved by the Corporation.

Monthly report

- (4) A credit union shall report at the end of each month to the Corporation on the position of its liquid assets. *(EC586/11; 950/24)*

3. Allowance for doubtful accounts

For the purposes of subsection 79(1) of the Act, the allowance for doubtful accounts required to be made and maintained by a credit union shall be equal to the aggregate amount of

- (a) the estimate of losses that have occurred in the credit union's portfolio for loans or other investments that have been individually identified as impaired; and
- (b) the estimate of losses that have occurred in the credit union's portfolio for loans or other investments that have not been individually identified as impaired. *(EC586/11)*

4. Required level of equity

- (1) For the purpose of subsection 79.1(1) of the Act, a credit union shall maintain a level of equity that is not less than 5% of its total assets.

Corporation's approval required

- (2) The equity policy required by subsection 79.1(3) of the Act shall be approved by the Corporation and be sufficient to safeguard member deposits.

Equity building plan

- (3) Where a credit union's equity falls below the percentage required by subsection (1), the credit union shall submit an equity building plan to the Corporation.

Corporation's approval required

- (4) An equity building plan required by subsection (3) is subject to the approval of the Corporation.

Authority of Corporation

- (5) Where a credit union fails to submit an equity building plan as required by subsection (3), or the Corporation does not approve the equity building plan submitted, the Corporation may require the credit union to take the steps the Corporation considers appropriate to ensure the credit union's equity meets the percentage required by subsection (1). *(EC586/11; 950/24)*

5. Investments

- (1) For the purposes of sections 80 and 81 of the Act, a credit union may, subject to subsection (2), make investments authorized by the investment policies established by the credit union for that purpose if the investment policies are approved by the Corporation and filed with the registrar.

Restriction

- (2) A credit union may make investments only in accordance with prudent investment standards.

Prudent investment standards

- (3) For the purposes of subsection (2), prudent investment standards are those that a reasonable and prudent person would apply in respect of a portfolio of investments so as to avoid undue risk of loss and to obtain a reasonable return on the investments made.

Restriction on investment in real estate

- (4) Despite subsections (1), (2) and (3), a credit union may not invest in real estate for its own use if the total book value of the investment of the credit union in real estate for its own use after the proposed investment is made exceeds 50% of the equity of the credit union, without the prior approval of the Corporation. *(EC586/11; 950/24)*

6. Borrowing restriction

For the purposes of section 82 of the Act, the aggregate amount of all outstanding and proposed loans and guarantees that may be borrowed or guaranteed by a credit union at any time shall not exceed 20% of the total amount of the deposits of its members at the time or such greater amount that the credit union is authorized to borrow or guarantee by the Corporation. *(EC586/11)*