



MARKET CODE Handbook

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Market Code is Important to Your Credit Union

Credit union Market Practices Code (Market Code) was the result of legislation that was written into *The Credit Union Act, 1998* but not proclaimed. It identified a requirement for credit unions to adopt a Market Code and it defined “market practices” as any activity related to soliciting, promoting, advertising, marketing, selling, or distributing a credit union’s products and services, either directly or indirectly.

Saskatchewan credit unions and their employees have always committed to delivering a high quality of service to members and customers. The Market Code information that follows builds on this commitment. This Market Code identifies the market practice standards and how the credit union subscribes to those standards. It speaks to the way credit unions and their employees conduct themselves and how they treat their existing and potential members and customers to maintain their trust, while living out their co-operative values.

For further information on market code practices that credit unions can provide to their members by website or as a hand-out, see Appendix C.

Market Code is a Requirement for Credit Unions

Regulatory direction at the provincial level has been consistent with trends in the financial services industry. Nationally, federal financial institutions, including banks, have adopted market practice codes, as an alternative to having it mandated by the Financial Consumer Agency of Canada (FCAC). In 2006 credit unions were given the same choice and were also given the option of either adopting a market code developed by the provincial credit union system or developing their own Market Code. If a credit union wants to adopt its own Market Code, it must be approved by Financial and Consumer Affairs Authority (FCAA).

SaskCentral Supporting Credit Unions with Market Code

SaskCentral initially drafted Market Code in consultation with FCAA, Credit Union Deposit Guarantee Corporation (CUDCG) and a Credit Union Market Practices Committee. The Market Code was approved and released to the Saskatchewan credit union system in 2006. This document represents the first revision and update to the original.

The Market Code addresses five themes that clarify objectives for market practice and consumer protection, some of which are consistent with federal legislative requirements:

- Fair Sales (consistent with ongoing trends of promoting more rigorous ethical standards including information regarding tied selling and pricing);
- Transparency and Disclosure (a focus on account opening requirements such as the Financial Services Agreement, Terms and Conditions and posting of changes to the terms and conditions, notice of service charge changes and branch closures);

- Professional Standards (employee training and licensing/accreditation where applicable);
- Privacy of Personal Information (includes the requirements set out in the Personal Information Protection and Electronic Documents Act (PIPEDA); and
- Complaint Handling.

According to the Standards of Sound Business Practice, credit unions must have policy and procedures with respect to the:

- Development and maintenance of a Market Code that ensures good business practices and fairness through the above objectives; and,
- Implementation and maintenance of an effective process to monitor and ensure adherence to Market Code.

Also included in Market Code is a basic or low fee account. Market Code indicates "Credit unions will take reasonable measures to ensure access to a basic banking account." The features of this account continue to be the same as the basic banking account offered by chartered banks.

Why is Market Code Important?

- Periodic updates of the Market Code provide credit union members with the transparency and disclosure needed to make informed choices and decisions about credit union products and services, as well as showing the commitment of the credit union to consumer protection.
- As credit union services become more intertwined with other industry players, the need for comprehensive consumer protection and transparency becomes greater.
- As full financial service expands and networking relationships with industry partners and affiliates are more common, consumer protection becomes more complex. This is particularly relevant in today's marketplace.
- At times, federal announcements indicate changes to consumer protection requirements. The intent of the changes is to protect and enhance the quality and volume of information available to consumers and to facilitate informed consumer choices. As in the past, while the amendments apply to federally regulated financial institutions, credit unions should be aware of these actions as federal measures are sometimes used as a template for provincial standards.
- A large proportion of credit union members are also bank customers. From a consumer perspective, if the products and services offered by a bank are more transparent compared to a credit union, credit unions may be viewed as being less transparent.

Accountability for Market Code

Federal

The federal government has exclusive jurisdiction over banks and regulates consumer protection aspects of banking, trust and insurance.

The Financial Consumer Agency of Canada (FCAC) is the federal agency that enforces customer-oriented provisions of the federal financial institutions' legislation and has the authority to impose penalties. The FCAC monitors and reports on industry self-regulatory initiatives (including voluntary codes of practice), promotes consumer awareness, and responds to inquiries and complaints. A key role includes initiatives to improve disclosure and transparency.

Provincial

The Provincial government regulates market conduct and consumer protection for provincially incorporated financial institutions including credit unions.

Consumer protection objectives and requirements exist through a market practices model policy approach. The Financial and Consumer Affairs Authority (FCAA), and the provincial credit union regulator, Credit Union Deposit Guarantee Corporation (CUDGC), require that credit unions must have policies and procedures in place with respect to Market Code, business practices and consumer protection responsibilities.

Monitoring and Enforcement

CUDGC monitors credit union compliance with Market Code through the Standards of Sound Business Practice. As part of the examination process, the corporation will seek assurance that the credit union has adopted a market practices code, policy and procedures and that appropriate control functions are in place to monitor adherence to these requirements.

Market Code Overview

For the purpose of this handbook, the word member refers to members, non-members and customers who maintain accounts or loans at the credit union.

The information in this handbook is intended to assist credit unions in addressing the market practices and principles of Market Code and includes the following objectives:

- **Fair Sales** information that focuses on the differences between preferential pricing and coercive tied selling, risk management and discrimination;
- **Transparency and Disclosure** information that focuses on account opening and notice requirements;
- **Professional Standards** for Employees (employee licensing, training and accreditation where applicable);
- **Privacy** of Personal Information (PIPEDA);
- **Complaint handling**; and
- **Low fee accounts** (basic accounts).

Code of Conduct

The credit union will annually remind employees, officers and directors of the importance of Market Code. The credit union has adopted a Code of Conduct that sets standards for the business and ethical conduct of employees. Annually, employees, officers and directors are required to sign a declaration stating that they have reviewed the credit union's Code of Conduct and commit to uphold the principles in the Market Code.

Support Material for Market Code

All support materials for Market Code, including Model Policies, brochures and accompanying information can be found on the CUniverse at [Operational Support > Market Code](#).

Fair Sales

The purpose of fair sales is to make sure the credit union's actions and decisions regarding member advice, information and recommendations made by the credit union are objective and reflective of the financial needs and the roles and responsibilities of the member and the credit union. It is therefore important that credit unions deal fairly with their members and do not exert undue pressure on them to obtain products or services.

The credit union is committed to providing relevant and meaningful information about products and services to enable members to make informed decisions. The credit union should offer its members products and services that it feels will help them meet their financial goals.

The credit union may show interest in the member's business or appreciation of their loyalty by offering preferential pricing or bundling products and services with more favourable terms. However, in so doing, the credit union may not apply undue pressure to the member to buy a product or service that they do not want in order to obtain another desired product or service. This is considered coercive tied selling and is not permitted.

Coercive tied selling is imposing undue pressure on, or coercing a person to obtain a product or service from a credit union, its employees, or any of its affiliates, as a condition of obtaining another product or service from the person or entity.

Coercive Tied Selling Example

The mortgage specialist tells the member that they qualify for a home mortgage. However, they are also told that their mortgage will be approved **only if** they transfer their investments to the credit union or one of its affiliates.

This practice is not acceptable. The approval of the mortgage is conditional on the member taking another credit union product or service.

Preferential pricing means offering individual members a better price or rate on all or part of their business. Members may be offered preferential pricing – a higher interest rate on investments or a lower interest rate on loans – if they use more of the credit union's products or services.

Preferential Pricing Example

After approving an application for a home mortgage, the mortgage specialist may offer the mortgage at a lower interest rate if the member transfers their investments to the credit union or one of its affiliates.

This practice is acceptable. The approval of the mortgage is not conditional on the member taking another credit union product or service.

Negative Option Billing

Negative option billing is a business practice in which unsolicited goods and services are provided automatically and where the customer must either pay for the service or specifically decline it in advance of billing. Credit unions do not practice negative option billing. They will always obtain a customer's consent before charging for a new optional product(s) or service(s) such as optional insurance coverage on a loan, fraud alerts, or overdraft protection.

Negative Option Billing Example

A member applies for a loan and declines insurance; however the lending officer adds optional insurance to the loan and charges the member, despite the fact that the member has not applied for or requested it.

This practice is not acceptable and is an example of negative option billing.

Charging a member for a paper statement after the member has requested to only receive their statements electronically is not considered negative option billing.

Risk Management

The credit union is permitted to apply reasonable requirements on consumers as a condition for granting a loan or providing a specific service. The credit union, however, must consciously limit requirements on consumers to the extent necessary to manage risk, cost, or to comply with the law.

A credit union must not knowingly take advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of facts or any other unfair dealing or unethical activity.

Discrimination

The credit union must not discriminate against individuals on the basis of race, religion, age, pregnancy, marital status, gender, sexual orientation, ethnic or social origin, disability, color, ethics, belief, culture, language or birth, except to the extent that a distinction is required or justified by any law, that the factor has commercial implications, or if a special product or service offering is designed for all members of a particular target market group.

The brochure, "What You Need to Know About Fair Sales," is available for credit union members. It describes four components of fair sales:

- What is preferential pricing?
- What is coercive tied selling?
- Risk management
- Fairness

See the CUniverse: Operational Support>Market Code>Brochures for a copy of the Fair Sales brochure. Brochures can be ordered through SaskCentral.

Transparency and Disclosure

The credit union must be open and honest in its dealings with existing and potential members.

Product and Service Information

General information will be provided about the rights and obligations that arise out of a relationship a member has, relative to the financial services a credit union provides.

This will be provided:

- at account opening when the account operating documentation is completed;
- when the rights and obligations contained in the account operating agreement are revised; and
- throughout the relationship when the products or services acquired from the credit union have specific rights and obligations.

The credit union will facilitate member's ability to make informed decisions about their financial services by:

- providing key features and benefits of products and services and the level of guarantee and other risks at the time of inquiry or acquisition;
- providing information to help members understand the basic financial implications of a transaction;
- revealing all costs, including the associated fees and charges, and any terms and conditions that apply;
- providing information in plain language;
- answering any questions the member may have;
- explaining, when asked, the written information that has been provided; and
- having employees identify the types of activity they are licensed or registered to sell.

Notice of Service Fee Changes and Account Structure Changes

The credit union must provide information about the change at least 30 days before the change(s) take effect for members with accounts. Notice should be posted in-branch, on a credit union's website, by mail or a statement message.

Notice to Members if a Branch is Closing

The credit union must give members at least four months' notice that a branch will be closing. Notice must be given by posting the closure information in a public area of the credit union and providing written notice to each member of the branch.

Notice of Changes to Terms and Conditions of the Financial Service Agreement

The credit union may make changes to this Agreement to correct clerical errors without notice to members. The credit union may make other changes to the Terms & Conditions if it notifies members that such changes have taken place. The credit union will post notice of changes on the credit union's website (where applicable) and

either by mail, statement message or electronically, if the member banks electronically. Notification of changes to account holders should be provided for 30 days – on websites, statement message fields or in-branch indicating a copy is available. It should be noted that the 30 day posting of changes is after changes have been made, not in advance of changes. The use of any of the member's accounts after the effective date of the changes is the member's acceptance of the changes. This includes members and non-members.

Product Fact Sheets (Optional)

Fact sheets can be provided to members for any products offered. Fact sheets should be written in plain, easy to understand language and should list all the features of the products being offered, including those that could be perceived as benefits and those that could be seen as risks.

If the credit union wishes to provide fact sheets on its products and services, information should include:

- Product Features
- Rates
- Basic Transaction Charges and Fees
- Restrictions
- Risks
- Disclaimers

Third Party Service Providers

If the credit union provides a member with a product that is supplied by or acquired from a third party, it must disclose relevant relationships with that third party at the time of product inquiry or acquisition.

The credit union may receive compensation from the sale of third party products or services. It is not necessary to identify this at the time of product inquiry or acquisition. This information is provided to members in the Market Code document for members (Appendix C) and the Financial Services Agreement.

Conflict of Interest

Employees must avoid situations where there is a conflict of interest. When there is a potential or perceived conflict of interest, bring this to the member's attention and give him/her the opportunity to cancel, postpone or continue with the transaction.

Professional Standards

The credit union will conduct business in a manner that maintains its good reputation by exercising reasonable and prudent, professional judgement in the provision of products and services.

The credit union is committed to employee development, education, professional designations and/or accreditation standards where appropriate.

The purpose of this objective is to have well-trained and well-informed employees who are able to provide financial information and advice members can trust.

In this regard, the credit union will adhere to accreditation standards where appropriate and recognize the authority of accrediting bodies to oversee the competency and market conduct of employees, including financial planners and those providing securities and mutual funds. Credit union employees may inform members of licenses and registrations held as related to the product or service being offered.

Where industry accreditation is not required, the credit union employee will exercise the degree of knowledge, care, diligence and skill that a prudent employee in the financial services industry would exercise.

Credit union employees will also keep abreast of changes in products, industry standards and regulations that will affect their ability to provide high standards of knowledge and service to members. This level of proficiency will be gained through appropriate training programs and work experience, which will be reflected in job profiles.

Knowledgeable employees will be accessible in-person through the branch or through toll-free call centers or branch telephone numbers. This information will be available on a credit union's website to assist those members who want to contact the branch.

Credit unions will adhere to the principles regarding professional standards as reflected in the Market Code.

Privacy

Privacy protects members who do business with the credit union to ensure the secure handling of their personal information in the course of conducting business through their relationship with the credit union.

A Privacy Code must be developed and approved by the board of directors of a credit union who are ultimately responsible for compliance under *PIPEDA*. The Privacy Code should define compliance policies that must be adhered to.

The privacy compliance program should be based on the ten interrelated principles of *PIPEDA* as follows:

1. Accountability
2. Identifying Purposes
3. Consent
4. Limiting Collection
5. Limiting Use, Disclosure, and Retention
6. Accuracy
7. Safeguards
8. Openness
9. Individual Access
10. Challenging Compliance

The credit union will adhere to the ten privacy principles (stated above) as reflected in the Market Code and based on the Privacy Code for the protection of personal information.

For further detail and definition of the above principles, see the CUniverse: Operational Support>Privacy Legislation>Model Privacy Package for credit unions.

The credit union must designate a Privacy Officer to provide credit unions with a point of contact for any matters regarding privacy.

Members must be provided with appropriate information about the credit union's Privacy Code. Further information to include on a credit union's website can be found on the CUniverse. See CUniverse: Operational Support>Privacy Legislation>Communication Tools>Website Information.

A brochure, "What You Need to Know About Protecting Your Privacy," is available for credit union use. It describes the components of Privacy such as:

- consent to collect, use and disclose the member's information;
- when, what and with whom member information can be collected and shared;
- the right to access and verify personal information;
- the ten (10) principles of *PIPEDA*; and
- the right to withdraw consent.

See the CUniverse: Operational Support>Market Code>Brochures for a copy of the privacy brochure entitled "What You Need to Know About Privacy Brochure." Brochures can be ordered through SaskCentral.

Complaint Handling

The purpose of complaint handling is to provide a process for the resolution of complaints that arise from the provision of financial services to members.

In this regard, the credit union will have an established internal complaint handling process that provides timely and responsive service to member complaints. The information on complaint handling must be available on the credit union's website or in-branch.

The internal complaint handling process will be in accordance with the credit union's complaint handling procedures and adherence to the principles regarding complaint handling as reflected in the Market Code.

The credit union will designate a compliance officer or senior executive who will be responsible for handling member complaints.

Complaints that the credit union cannot resolve satisfactorily will be escalated to the SaskCentral Ombudsman in a timely manner.

As a final resolution to unresolved complaints, the member may access the Ombudsman for Banking and Investments (OBSI).

Members will be provided with information on a credit union's website or through a Complaint Handling brochure outlining the complaint handling process upon request.

A brochure, "What You Need to Know About Resolving Problems," is available for credit union use. The brochure was developed to inform consumers about the complaint handling process, outline the steps involved and to provide contact information for making or escalating a complaint.

See the CUniverse: Operational Support>Market Code>Brochures for a copy of the complaint handling brochure. Brochures can be ordered through SaskCentral.

Account Opening Documentation and Process

The account opening documentation (Financial Services Agreement, Personal Account Opening and Specimen Signature Agreement and the Terms and Conditions for Financial Services) is the contractual documentation that forms the foundation of the relationship between the credit union and the member. It is the first and most important agreement that the member enters into with the credit union. It defines the relationship as a self-managed relationship where the member is provided with relevant product and service information to enable him/her to make informed decisions. The credit union's obligation is to provide information. The decisions are made by the member. This relationship is defined in the "Fair Dealings" paragraph in the Terms and Conditions for Financial Services. The Terms and Conditions for Financial Services also outlines other basic rules and agreements as to how an account will operate.

The credit union will facilitate how members make decisions about their banking services by:

- providing disclosure of product and service information at the time of inquiry or acquisition. When this is not possible, information will be provided as soon as possible afterward. Relevant information will be provided along with product information to help members understand the basic financial implications of a transaction, the fees and charges associated and any terms and conditions that apply;
- providing mortgage information on the impact of mortgage privileges and prepayments and the potential penalties that would be incurred when a member confirms they want to prepay their mortgage partially or in full;
- providing information in plain language;
- answering any questions the member may have in-person or through a toll free number, call centre or branch phone number published on a credit union's website;
- explaining to the member, when asked, the written information that has been provided by the credit union.

To establish and maintain this self-managed relationship with members, the credit union will provide information pertaining to its services:

- at account opening when the account opening documentation is completed;
- when the rights and obligations contained in the Terms and Conditions for Financial Services are revised; and
- throughout the relationship when the products or services acquired from the credit union carry specific rights and obligations.

Commitments at Account Opening

- The credit union will act fairly and reasonably in all its dealings with members.

- When members have chosen an account or service, the credit union will give clear information about how the account or service works, the terms and conditions and, the fees and charges that apply.
- The credit union will help members use their account and services and keep them informed by providing regular statements (where appropriate) and by providing notice of changes to interest rates and service charges and advise members when the terms and conditions for financial services change.
- As per the credit union's Privacy Code, all members' personal information will be treated as private and confidential and the credit union will operate secure and reliable banking and payment systems.

The account opening documentation is very important to the relationship between the credit union and the member. The member must be provided with a complete copy of the Financial Services Agreement, Personal Account Opening and Specimen Signature Agreement (PAOSSA) and Terms and Conditions for Financial Services and ensure that he/she understands it. Members should be given time to read the Terms and Conditions for Financial Services and are encouraged to read it. Member Service Representatives must understand the Terms and Conditions for Financial Services and be able to answer any questions about the document.

When the account opening documentation is completed, the credit union must explain that the documentation is the contract between the credit union and the member which will govern the operation of the member's accounts with the credit union (this is addressed in the "These Terms and Conditions" paragraph of the Terms and Conditions for Financial Services.)

While it is not necessary to explain every paragraph in the Terms and Conditions to the member, key clauses should be referenced. For example, in the case of personal joint accounts, the applicable provisions should be reviewed with the members to ensure that the account is set up as they want and that they are aware of the deemed survivorship provisions that will apply unless designated otherwise. In the case of trust, estate or youth accounts, the applicable provisions should be reviewed and explained to the member. At a high level, staff should also explain the following paragraphs in the Terms and Conditions:

- Fair Dealings;
- Overdraft Protection (if applicable);
- Account Statement;
- Closing My Account;
- Fees;
- Stop Payment;
- Collection and Use of Information;
- Privacy;
- Changes to Agreement;
- Electronic communication;
- Relationships and Third Party Transactions; and
- Liability of the Credit Union.

For other Account Opening considerations the following should also be referred to:

- Third Party Products;
- Conflicts of Interest;
- Discrimination; and
- Tied or Coercive Selling.

Deposit, Lending, AML Forms

It is a requirement of Market Code to provide plain language for consumer purposes. As such, forms are written to the extent possible in plain language to comply with Market Code.

The creation of new forms and revisions of existing forms are sent to credit unions on an annual basis. The exception is when legal or legislative requirements dictate a change to a form. In this case, form changes will be made as transparent as possible and provided immediately.

In addition, the approach for consumer lending is to limit the development and enhancement of the lending forms to those that will cover the majority of consumer loan requests. The intent is to meet the needs of Market Code while limiting the complexity that a great number of additional forms would bring to lenders. As a general rule, loans for commercial and agricultural purposes are more complex than those for consumer purposes and require more complex language.

The Lending Security Guide also has a complete list of the lending forms and instructions on how to use them. The Lending Security Guide acts as a reference for when to use the forms and includes bulletins that provide updates on lending law and processes for Saskatchewan credit unions.

The Lending Security Guide is accessed through CUniverse at: Operational Support > Lending Support > Compliance > CU Lending Security Guide.

A complete list of all forms are housed on the CUniverse at: Operational Support > Forms – Deposit, Lending & AML.

For further details on the account opening process and associated forms, see Appendix A.

Low Fee Accounts

Market Code recognizes the importance of access to basic banking services. Credit unions will take reasonable measures to ensure access to a basic banking account consistent with the approach mandated by the Financial Consumer Agency of Canada (FCAC) for federally regulated financial institutions. The intent is to offer a basic banking account that will accommodate all persons. A low fee account is an option for individuals who conduct limited monthly transactions, or who would otherwise not have a bank account because of the higher costs associated with other types of accounts.

The features of low fee accounts typically include:

- no charge for deposits;
- the use of a debit card, for qualifying members;
- cheque-writing privileges, for qualifying members;
- free updated account statements;
- at least eight debit transactions per month, of which at least two can be done in-branch; and
- a maximum monthly fee of \$4.00 (as with other service packages, regular transaction charges apply for transactions over the monthly limit).

Note: if the individual is ordering cheques and the cost of the cheques will be debited to the account, the credit union may ask him/her to deposit enough money to cover the cost.

A low fee account brochure has been developed for use. The brochure includes basic information about opening an account, accessing funds, debit transactions, self-serve transactions, debit cards and pre-authorized payments.

See the CUniverse: Operational Support>Market Code>Brochures for a copy of the Low Fee Account brochure. Brochures can be ordered through SaskCentral.

Consumer Banking Rights

FCAC has outlined consumer banking rights. Under these rules, a bank cannot refuse to open a personal bank account even if the individual:

- does not have a job;
- has been bankrupt; or
- is not making a deposit into the account immediately.

Conditions under Which You Must Open an Account

If the credit union offers personal bank accounts, it must open an account for an individual if he/she provides:

- their name
- date of birth
- address
- occupation
- intended use
- acceptable identification
- allows the credit union to verify their identification

Refusal to Open Accounts

A credit union should always have a sound business reason for refusing to open an account. If the credit union feels there is reason to believe there could be a violation of any governing law, it is not required to open an account.

Credit unions must not refuse to open an account by reason of any of the prohibited grounds of discrimination as set out in *The Saskatchewan Human Rights Code*. Also based on Privacy Commissioner rulings, a credit union cannot refuse to open an account if the applicant fails to provide personal information which is not reasonably necessary for the account opening process or account operation.

While *Access to Basic Banking Services Regulations* do not apply to credit unions, Market Code looks to these *Regulations* as being an industry standard. The Market Code provides guidance based on the principles of these *Regulations*. Although the *Regulations* do not speak specifically to previous write-offs and losses as being a possible reason to refuse opening an account, credit unions have relied on these as being valid business reasons.

Before a credit union refuses to open an account based on past losses or write-offs, each situation should be assessed in terms of amount of loss, length of time since loss, extenuating circumstances (e.g. job loss, injury) to determine whether imposing restrictions on the account would sufficiently mitigate the risk to the credit union.

Conditions under Which You Can Refuse to Open an Account

- there are reasonable grounds to believe that the account will be used to break the law or commit fraud;
- the individual has committed a crime or fraud against the credit union during the past seven years;
- there are reasonable grounds to believe that the individual intentionally provided false information when the account was opened;
- there are reasonable grounds to believe that opening the account would expose employees to physical harm, harassment or abuse;
- the individual will not allow the credit union to verify if the above circumstances apply to him/her, or will not allow the credit union to verify the identification they have presented; and
- the individual cannot provide acceptable identification.

Note: The fact that an individual is or has been bankrupt does not, without evidence of fraud or any other illegal activity in relation to the bankruptcy, constitute reasonable grounds to believe an account will be used for illegal or fraudulent purposes. Therefore the credit union cannot refuse to open a personal account for a member just because they have been bankrupt.

Restrictions Imposed on Accounts

Many financial institutions conduct credit checks to determine a customer's initial credit worthiness. Even where an overdraft limit is not applied for, it is possible for an overdraft to occur from a returned NSF item (where items on deposit in an ATM were later dishonored) or other possible situations. With Market Code in mind, the credit union may refuse to open an account where there is a poor credit bureau result or more clearly where the credit bureau indicates potential fraud or identity theft.

At the time of account opening for a new customer, the individual's attention should be drawn to the Collection and Use of Information clause in the *Terms and Conditions for Financial Services*. This clause covers the customer's consent for the credit union to conduct a credit bureau search. Once the *Personal Account Opening and Specimen Signature Agreement* is signed and a credit check conducted, if the credit check reveals possible fraud or identity theft, and the credit union decides not to open the account, the individual can be advised the credit union has decided not to open the account for that reason.

Not every poor credit bureau report may justify refusal to open an account. In managing the risk to the credit union, there will be levels of risk and different measures to manage that risk. Some weak credit bureau reports may suggest the credit union need only place restrictions on the account; while other reports, especially those indicating identity theft or fraud, likely suggest refusal to open the account is prudent.

Restrictions imposed on accounts may include:

- placing holds on cheques deposited, with possible denial of access to the first \$100;
- no overdraft privileges;
- no chequing privileges;
- limiting or revoking debit card privileges.

If a credit union will only open an account on the condition that restrictions are imposed, and if the customer will not accept the restrictions, the credit union can refuse to open the account providing the credit union has a sound business reason to restrict access in the first place.

The Credit Reporting Act

Where a credit union conducts a credit check before opening a deposit account, and as a result of information in the credit report, either refuses to open the account or places certain restrictions on the account, Section 20 of *The Credit Reporting Act* will apply.

Section 20 indicates, "if a user of information contained in a credit report denies a benefit in whole or in part to a consumer, or increases the cost of the benefit to the consumer, as a result of information contained in a credit report respecting that consumer, the user shall provide written notice to the consumer of the denial or increase."

Cheque Hold Period & Access to Funds

The Access to Funds Regulations for federally regulated financial institutions repealed the Cheque Holding Policy Disclosure Regulations. The changes reduce cheque hold periods and prescribe the amount of funds to be available in-person or through an ATM immediately. This is based on paper-based cheques encoded with magnetic ink, issued in Canadian dollars, and drawn on a branch located in Canada.

In addition, the Access to Funds Regulations mandates immediate access to the first \$100 deposited by cheque in person, at a branch or access the next business day through an ATM.

As part of Market Code credit unions are expected to adhere to the same requirements.

Note: See the CUniverse: Operational Support>Market Code>Tools and Templates for further detailed information on cheque holds and access to funds.

Direct Deposit of Government Cheques

The Government of Canada will increase the use of direct deposit of payments by slowly phasing out federal government cheques by 2016. Seventy-seven percent of payments issued by the Receiver General are already made by direct deposit. People and businesses have the next four years to register to receive Government of Canada payments by direct deposit. Existing payment recipients can enroll for direct deposit by telephone and by mail using a direct deposit enrolment form. For all new payments the first payment method offered will be direct deposit.

Credit unions need to educate members on the phase out of government cheques and assist them to sign up for direct deposit of their payments. Direct deposit of Government payments not only include Canada Pension Plan payments and Old Age Security payments, but also other Government issued payments such as: Income Tax Refunds, GST Credits, Child Tax Benefit, Veterans Affairs Pension and more. All these will be directly deposited at financial institutions following the phase-out period.

Credit unions 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 http://www.cra-arc.gc.ca/E/pbg/tf/t1-dd_1/.

Account Opening Process and Associated Forms

Below is a list of consumer deposit forms and their usage as related to Market Code. Forms are listed in function order rather than form number order. Function order is divided as follows:

- Account Opening Documentation (Contract)
- Attachments
- Account Management Forms
- Index/Equity Linked Term Deposit Applications and Agreements
- Prevention of Money Laundering
- Power of Attorney and Estate Forms
- Miscellaneous Forms

Account Opening Documentation

The Financial Services Agreement (FSA), Personal Account Opening and Specimen Signature Agreement (PAOSSA) and the Terms and Conditions for Financial Services – Personal; is the contract that forms the foundation of the relationship between the credit union and its member. The following forms have been developed for this purpose:

EDF 160.01 – Financial Services Agreement – Personal
EDF 168.01 – Personal Account Opening and Specimen Signature Agreement
EDF 169.01 – Terms and Conditions for Financial Services – Personal

Members are to receive a copy of their completed documentation, and if requested, a paper copy of the Terms and Conditions for Financial Services, at account opening. If a member prefers, the Terms and Conditions can also be accessed and reviewed on a credit union's website.

Attachments

Attachments are required to be completed at account opening when a trust account, estate account, or youth account for a child under the age of 12 is opened. Prevention of money laundering legislation requires information to be obtained on the parent/guardian of youth younger than 12. The following forms have been developed in this regard.

EDF 161.01 – Attachment for Trust or Estate Account – Personal
EDF 163.01 – Attachment for Youth Account - Personal

Note: Form EDF 163.01 can also be used when youth want to give parents signing authority on the account or want parents to receive their statements. It also includes a section for revocation of signing authority for parents.

Account Management Forms

These forms are optional and can assist the credit union in managing changes on accounts when required.

EDF 152.01 – Power of Attorney (POA), Guardian or Co-Decision Maker Record

This form was created to gather information on a Power of Attorney, Guardian or Co-Decision Maker for business purposes. If the POA, Guardian or Co-Decision Maker signs a signature card on behalf of the grantor, Part 3 of this document can be completed to record the additional information required for anti-money laundering purposes.

EDF 165.01 – Youth Account Indemnity (optional)

This form provides credit unions with added protection when opening youth accounts. Parents agree to make payment on any losses or expenses the credit union may incur in connection with the account operated by the youth.

EDF 7.212 – Account Holder Status Change (optional)

This form is used to process changes to information provided by or about the member such as change of address or phone number.

EDF 166.01 – Joint Account Signing Authorities

This form is used on personal joint accounts when the signing authorities are something other than “any one to sign.”

EDF 167.01 – Removal of Name from Joint Account

This form is used when a joint owner requests to have his/her name removed from the account. Caution must be used when allowing this practice. The credit union should determine if there are any credit facilities attached to the account and address responsibility for the debt before any names are removed from the account. When the form is used, the joint owner indicates his/her release of ownership and all survivorship rights, confirms that he/she will remain jointly and severally liable for any cheques or other instruments written but not processed at the time of the request, and further indicates that he/she will deliver any Membercards or Global Payment cards held on this account, to the credit union.

Index/Equity Linked Term Deposit Applications and Agreements

The index/equity linked product documents were reviewed for Market Code to simplify language where possible. Access to these forms is through subscription to the products. These investment receipts include:

- North American Basket™ Equity Linked Term Deposit Application and Agreement
- MarketFlex® Index Linked Term Deposit Application and Agreement

- Prairies Basket™ Equity Linked Term Deposit Application and Agreement

SaskCentral includes in the suite of electronic deposit forms a term deposit receipt:

- EDF 7.029 – Personal Term Deposit Application and Agreement

Prevention of Money Laundering

Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations require financial entities to ascertain the identity of individuals initiating prescribed transactions and to keep a record of these transactions. To assist the credit union in recording the required information, the following forms have been developed:

AML 9.310 – Loan Account Identification Record

This form can be used to record the identification of a borrower and to record the identification of signing authorities for business loans if not already recorded elsewhere.

AML 9.330 – Third Party Determination

This form is to be completed where there is a third party instructing what happens with an account.

AML 300.01 – Foreign Currency Transaction Ticket

For every foreign currency exchange transaction there is a requirement to keep a transaction ticket. A transaction ticket is a record that sets out the following information:

- the date, amount and currency of the purchase or sale;
- the method, amount and currency of the payment made or received;
- if the transaction was \$3,000 (Canadian) or more, the name and address of the individual who carried out the transaction; and
- if the credit union has not previously ascertained the individual's identity; it is required to view and record the information.

If the banking system or receipt printer records the information noted in the first two bullets above, the credit union is not required to use this form. If the transaction is over \$3,000 (Canadian), the credit union can record the information on this form or on the Identification Record (AML 330.01).

AML 310.01 – Large Cash Transaction Record

There is a requirement for financial entities to view and obtain identification from individuals carrying out large cash transactions and to maintain a record of such transactions. This form is used for cash transactions of \$10,000 or more (Canadian or equivalent) for both account holders and non-account holders.

If the cash is being deposited to an account, you must record the account holder name(s) and account number(s).

For large cash transactions, the third party determination section must be completed.

AML 311.01 – Suspicious Transaction or Attempted Transaction Reporting Form

This form is for internal credit union use only. It is **not to be completed in front of the member**. It is an offence to reveal that the credit union will or may report a transaction as suspicious.

The purpose of this form is for the employee to record details regarding a transaction that he/she believes may be suspicious of money laundering activity. The employee who identifies a possible suspicious transaction should complete as many details as possible and send the completed document to his/her supervisor. The supervisor will review the form, add any comments regarding the member/account and forward the form to the credit union Money Laundering Compliance Officer. The compliance officer will determine whether the transaction should be reported to FINTRAC and if so, report according to FINTRAC procedures.

AML 312.01 – Politically Exposed Foreign Persons Prescribed Transaction Record

To be completed where the individual is determined to be a Politically Exposed Foreign Person

AML 320.01 – Prescribed Transaction Record

In addition to the requirements for foreign currency exchange and large cash transactions, there are specific requirements for transactions performed for non-account holders. Financial entities must record any remittance, transmission or electronic funds transfers of \$3,000 or more (sent or received) for a non-account holder. The credit union must also record the purchase or redemption of money orders, traveller's cheques or other negotiable instruments. Identification from the individual completing the transaction must be obtained and recorded.

AML 330.01 – Identification Record

This form can be used to update personal information for both business and anti-money laundering purposes including name, mailing or civic address, identification, occupation, contact numbers, email address, employment etc. It can also be used to record an Alternate Contact or be used to obtain a sample signature.

AML 340.01 – Client Identification Confirmation Recorded

There may be cases when one or more of the signors on an account are not available to provide the required identification in person. This form may be used in special situations.

Additional signors could be verified by another individual or entity using form AML341.01 – Agent for Ascertaining Client Identity Agreement.

AML 341.01 – Agent for Ascertaining Client Identity Agreement

This form must be used with AML 340.01 – Client Identification Confirmation. This document outlines the responsibility of the Agent and obtains their agreement to act on behalf of the credit union for the purpose of ascertaining the identity of a particular individual. The credit union must find the person or entity to act as Agent on their behalf.

Power of Attorney and Estate Forms

SaskCentral offers an *Enduring Power of Attorney – Property* form. Also available to credit unions are forms for use in estate situations – *Declaration and Agreement to Indemnify*, *Notice of Claim Against an Estate* and *Estate Payout Checklist*.

EDF 5.027 – Enduring Power of Attorney – Property

This power of attorney is specific to credit union transactions. Some credit unions require their members to provide them with a power of attorney document obtained through a lawyer.

EDF 152.01 – Power of Attorney, Guardian or Co-Decision Maker Record

This form was created to gather information on a Power of Attorney, Guardian or Co-Decision Maker for business purposes. If the POA, Guardian or Co-Decision Maker signs a signature card on behalf of the grantor, part 3 of this document can be completed to record the additional information required for anti-money laundering purposes.

EDF 183.01 – Declaration and Agreement to Indemnify

Used when a Will exists but Letters Probate will not be obtained. Each executor should complete one copy for the credit union.

EDF 184.01 – Declaration and Agreement to Indemnify – Beneficiary

Used when no Will exists. Each beneficiary should complete one copy for the credit union.

EDF 191.01 – Notice of Claim against an Estate

Used when the deceased is indebted to the credit union.

EDF 190.01 – Estate Payout Checklist

Designed to assist the credit union in the administration of a deceased member's accounts

Miscellaneous Forms

EDF 4.008 – Safety Deposit Box Lease

The contract between the credit union and a member to rent a safety deposit box

EDF 4.011 – Record of Safety Deposit Box Access

This form is signed before a member accesses his/her safety deposit box

EDF 192.01 – Listing of Safety Deposit Box Contents

Used when the credit union employee and the executor for a deceased member access the box for the first time after the box owner has passed away. All contents of the box should be recorded in this document.

EDF 4.014 – Receipt for Securities

Used when the credit union has been asked by a member to store an item for safekeeping or when a security is pledged to the credit union as collateral.

EDF 200.01 – Credit Union Referral Service

This form is completed when a member is moving and the credit union is referring him/her to another credit union.

Questions and Answers

Q: What account opening documents form the contract with the customer?

A: The Financial Services Agreement, Personal Account Opening and Specimen Signature Agreement (PAOSSA) and Terms and Conditions for Financial Services form the contract between the credit union and the customer. They govern the operation of the account. Customers should receive a copy of these documents at account opening.

Q: How many pieces of personal identification (ID) are required to open an account?

A: Although legal requirements and money laundering compliance only require one piece of identification, a best practice is to obtain at least two pieces of identification at account opening.

Q: For what purposes does the credit union collect and use member information?

A: When opening an account the credit union asks a member for personal, financial, and credit information. The purpose of obtaining this information is to: (i) verify identity; (ii) understand member needs and eligibility for products and services; (iii) open, maintain and administer the account and provide the member with financial services that meet their needs; (iv) obtain credit reports and evaluate credit rating and credit worthiness; (v) administer and manage security and risk in relation to the account and the financial services provided to the member; (vi) comply with legal and regulatory requirements; (vii) assist in dispute resolution; (viii) offer and provide the member with other products and services of the credit union and its affiliates and service suppliers.

Q: Are we required to review all the Terms and Conditions of the FSA with a member at account opening?

A: While it is not necessary to explain every paragraph in the agreement to a member, key clauses should be referenced such as:

- Terms and Conditions
- Fair Dealings
- Overdraft Protection (if applicable)
- Account Statement
- Closing My Account
- Fees
- Stop Payments
- Collection and Use of Information
- Privacy
- Changes to Agreement
- Electronic Communication
- Relationships and Third Party Transactions

- Liability of the Credit Union
- Joint Account (if applicable)
- Trust Account (if applicable)
- Estate Account (if applicable)
- Youth Account (if applicable)

Q: Can the credit union refuse to open an account?

A: There must be a good business reason for a credit union to refuse opening an account. Reasons to refuse opening an account include:

- The credit union has reasonable grounds to believe that the account will be used to break the law or commit fraud.
- The individual has committed a crime or fraud against the credit union during the past seven years.
- The credit union has reasonable grounds to believe that the individual intentionally provided false information when the account was opened.
- The credit union has reasonable grounds to believe that opening the account would expose employees to physical harm, harassment or abuse.
- The individual will not agree to let the credit union verify if the above four circumstances may apply to him/her or will not let the credit union verify the pieces of identification that were presented.
- The individual cannot provide the credit union with acceptable identification.

Note: Without evidence of fraud or any other illegal activity in relation to the bankruptcy, the fact that an individual is or has been bankrupt does not by itself constitute reasonable grounds to believe that an account for the individual is to be used for illegal or fraudulent purposes. Therefore the credit union cannot refuse to open a personal account for a customer just because they have been bankrupt.

Credit unions may also refuse to open an account:

- If they have experienced significant losses in past dealings with the individual.
- The credit union must ensure the business reason is not in violation of any law or The Saskatchewan Human Rights Code.
- Have other sound business reasons for refusing to open the account.

Q: How does the credit union notify members of changes to the Terms and Conditions of the Financial Services Agreement?

A: Members must be notified of changes by mail or electronically and by posting that changes have occurred at the credit union and a paper copy be made available upon request. If the member agrees, the amended Terms and Conditions can also be accessed through the credit union's website. Notice that changes have occurred must be provided for 30 days. The member's use of the account after the effective date of changes is his/her acceptance of the revised agreement.

Q: Can a member elect to suppress paper statements and only receive electronic statements?

A: Yes. If a member wants to cancel his/her paper statement and start receiving a statement electronically, he/she must indicate this to the credit union. Checking the 'Receipt of Statement' box on the FSA is sufficient instruction for the credit union to allow electronic statements for all accounts with the exception of loans. Suppressing paper loan statements must be authorized separately and must specifically reference loans. Loan application forms contain the authorization to suppress paper statements on specific loans. Form ELF 9.008 was developed to suppress paper statements on all loans.

Q: When does an account become inactive?

A: An account is considered inactive if no transaction, request or acknowledgement of a statement of account has been completed for two years.

Q: When can the credit union close a member's account?

A: The credit union can close an account without giving notice to the member if they do not operate their account(s) or conduct their business in a satisfactory manner. For example, if a member has an unauthorized overdraft balance due to NSF items, outstanding service charges or the account is being used for illegal purposes.

A credit union can also close an account(s) without reason by giving a member at least 30 days' notice.

Q: Does a credit union employee have to tell members what the compensation is when selling a third party product?

A: No, however the employee must disclose what the relationship is between the credit union and the third party when selling the product or service.

Q: How long do members have to report a discrepancy on their account?

A: Members are to examine their statements and report to the credit union any errors, irregularities or forgeries. Any discrepancies must be reported to the credit union in writing or by email within 30 days, otherwise the statement and balance shown are considered correct. Statements forwarded by mail are deemed received by the member on the day after mailing. Statements provided electronically are deemed received by the member on the last day of the month for which the statement applies. After the 30 day period has elapsed, members have no claim against the credit union for reimbursement even if a transaction is forged, unauthorized or fraudulent.

Q: What are the features of basic banking services as required by Market Code?

A: No charge for deposits
Use of debit card
Cheque writing privileges
Free updated account statement
At least eight debit transactions per month, of which at least two can be done in-branch
Maximum monthly fee of \$4.00

Q: How much notice does the credit union need to give members when fees and charges are changing or when there are changes to Terms & Conditions?

A: Thirty days.

Q: Does the credit union have to cash Government of Canada cheques for non-members?

A: Yes. Recent amendments to Market code recommend credit unions follow federal regulations that require that any federally regulated bank branch that dispenses cash through a teller must cash a Government of Canada cheque subject to the following conditions:

- the cheque is for \$1,500 or less
- the individual cashing the cheque shows acceptable identification

There is an indemnity of up to \$1,500 per occurrence provided by the federal government to all financial institutions which provide this service.

A federally regulated bank branch can refuse to cash a Government of Canada cheque if:

- the individual cannot produce proper identification
- there are grounds to believe that:
 - the cheque is counterfeit
 - the cheque has been altered in some way; or
 - the cheque is connected with a crime or fraud

There is no legal requirement that a credit union cash a Government of Canada cheque for anyone who is not a member. However, in light of the federal regulations for banks and the indemnity provided to all financial institutions, this is an indication of an expected industry standard.

It should be noted that *The Financial Administration Act* provides that no financial institution, including a credit union, shall charge a fee for cashing a Government of Canada cheque.

The production of federal government cheques will be phased out by 2016.

Q: Does the credit union have to cash a cheque for a non-member that is drawn on one of its member's accounts?

A: There is no legal requirement for credit unions to provide services to non-members. Where bylaws allow credit unions to provide services for non-members, they may choose to provide cheque cashing services and may have an established fee for providing those services.

Q: How does the credit union notify members if a branch is closing?

A: The credit union must give members at least four months' notice that a branch will be closing. Notice must be given by posting the closure information in a public area of the credit union and by providing written notice to each member of the branch.

**Our commitment
to integrity.**



MARKET CODE



**Saskatchewan
Credit Unions**

saskcu.com

Market Code

The credit union and its employees have always been committed to delivering a high quality of service to members and customers. The Market Code that follows builds on this commitment. This Market Code identifies the market practice standards and how the credit union subscribes to the standards.

Our Conduct and Co-operative Values

The Market Code represents the standards the credit union embraces as an organization, the way the credit union conducts itself and how it will continue to treat existing and potential members and customers as it works to maintain the member's trust, while living out our co-operative values.

The credit union subscribes to the co-operative principles as endorsed by the International Co-operative Alliance and the international credit union operating principles as endorsed by the World Council of Credit Unions. The credit union is member-owned and democratically controlled. The goal is to provide a measurable economic and social benefit to members and communities by incorporating the following values in all that it does:

Co-operation and Accountability – Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. Co-operatives work together through a belief that we can accomplish more together than alone. The credit union takes into account the effect of its actions on others. In the tradition of our founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

Communication –The credit union communicates in an open, effective and timely manner.

Community Impact –The credit union actively supports the development of communities locally, provincially and beyond. Communities are stronger because of the credit union system.

Employee Satisfaction –The credit union respects its employees and their contribution to its success. The credit union encourages employee involvement and participation. It recognizes and rewards them for their creativity, teamwork and achievement. The credit union supports employee development by providing training and educational opportunities. The credit union respects its employees' need to balance personal and professional lives.

Financial Strength –The credit union's strong financial performance allows it to invest in its members and the community for future growth. It balances the need for financial results with the needs of members and communities. The

trust and confidence of members is maintained through sound business practice.

Product and Service Excellence –The credit union works with members and communities to understand their needs, and respond with innovative, high quality products and services. Credit union employees provide friendly, knowledgeable and helpful service.

Professional Conduct – Members' financial affairs are conducted with integrity and in a professional manner. The credit union ethical principles are rooted in concern for the individual. Confidentiality is integral to the way the credit union does business.

The Co-operative Difference

Members, in addition to accessing financial services from the credit union, are also owners and decision-makers that have a say in the credit union's actions. Members elect a board of directors to provide leadership and ensure that members' views are represented.

Being an owner also means sharing in the credit union's success. The credit union's financial success is shared with its membership in accordance with the board's direction and in keeping with prudent business practices. Some credit unions offer lower interest rates and service fees, others distribute patronage dividends and many contribute to community initiatives.

As a community-owned financial institution, the credit union is sensitive to member satisfaction with the level of service members receive. The credit union invites members to provide it with comments on their services.

To Whom Does the Market Code Apply?

The credit union has adopted the Market Code which sets out the standards of good business practice to follow when dealing with consumers.

The Market Code reflects the credit union's vision, mission, values, policies and practices. Adherence to the Market Code is mandatory for all employees, directors, board-appointed committees and officers.

It is the credit union's responsibility to understand and follow the Market Code and act in accordance with the highest standards of personal and professional integrity. Similarly, the credit union expects third parties providing credit union services to maintain high standards of business conduct and ethics. To that end, service providers also receive a copy of the Market Code.

Market Code applies to all products and services offered by the credit union whether provided by branches, over the phone, by mail, on the Internet or through any other service delivery method.

The credit union is committed to supporting the Market Code by providing employees, directors, board-appointed committees and officers with orientation and information that ensures understanding, awareness and commitment. Their good judgment in applying the Market Code determines the conduct of the credit union.

The credit union will continuously explore and adhere to standards of practice and service in the financial services industry that are in keeping with co-operative values.

The Credit Union's Key Commitments to You, the Member

The credit union will:

- act fairly and reasonably in all its dealings;
- make sure that advertising and promotional literature is clear and not misleading and that you are given clear information about its products and services;
- give you clear information about how an account or service works, the terms and conditions along with the fees and charges that apply to it;
- help you use its account and services by providing regular statements (where appropriate) and will keep you informed by providing notices of changes to the interest rates, charges or terms and conditions;
- try to help you deal with things that go wrong;
- have a complaint resolution process available to you, with no charge applied by the credit union, to address any complaints or concerns that may arise;
- as per the credit union's Privacy Code, treat all personal information as private and confidential, and operate secure and reliable banking and payments systems;
- train employees so they are qualified and capable of fulfilling their duties;
- abide by the co-operative values defining our standards of business conduct and ethics;
- publicize its Market Code, have copies available and make sure all employees are trained to put it into practice; and
- meet its commitments in the Market Code.

Principles in Action

Products and Services to Meet Member Needs

The credit union will provide general information about the rights and obligations that arise out of its relationship with you in relation to the banking services it provides. This

will be provided at account opening when the Financial Services Agreement is completed, when the rights and obligations contained in the Financial Services Agreement are revised and throughout the relationship with you when the products/services you acquired from the credit union carry specific rights and obligations.

The credit union will facilitate informed decisions about its banking services:

- by providing disclosure of product and service information at the time of inquiry and/or at the time of acquisition. When this is not possible, information will be provided as soon as possible afterward. Relevant information will be provided along with product information to help you understand the basic financial implications of the transaction, the fees and charges associated and any terms and conditions that apply;
- by providing information in plain language;
- by answering any questions you may have;
- by providing a toll free # to call to enable you to speak to subject matter experts when you have a query or concern; and
- by explaining, when asked, the written information that has been provided.

If a member asks the credit union for assistance in helping plan the management of their financial affairs, the credit union will:

- work with the member to provide advice through authorized and licensed staff; or
- refer you to appropriate external sources for advice; or
- recommend you seek advice from another source.

If a product supplied is acquired from a third party, we will disclose relevant relationships to you at the time of product inquiry and/or product acquisition. The credit union may receive compensation from the sale of third party products or services.

The credit union will do its best to avoid situations where there is a conflict of interest. When there is a potential or perceived conflict of interest, the credit union will bring this to your attention and you will be given the opportunity to cancel, postpone or continue with the transaction.

The credit union will not discriminate against you on the basis of race, religion, age, pregnancy, marital status, gender, sexual orientation, ethnic or social origin, disability, color, ethics, belief, culture, language or birth, except to the extent that a distinction is required or justified by any law, or to the extent that the factor has commercial implications, or if a special product or service offering is designed for all members of a particular target market group.

Advertising and Sales Practices

The credit union will ensure its advertising and promotional literature is not deceptive or misleading.

The credit union will not practice tied or coercive selling.

The credit union will not impose undue pressure or coerce you to obtain a product or service from the credit union and any of its affiliates as a condition of obtaining another product or service from the credit union. You will not be unduly pressured to buy a product or service that you do not want in order to obtain another desired product or service. The credit union may show its interest in your business or appreciation of your loyalty by offering preferential pricing or bundling of products and services with more favorable terms. These practices should not be confused with coercive tied selling.

The credit union's requirements will be reasonable and consistent with its level of risk. The law allows the credit union to impose reasonable requirements on consumers as a condition for granting a loan or to provide a specific service, but only to the extent necessary for the credit union to manage its risk or its cost or to comply with the law.

The credit union will not knowingly take advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of facts or any other unfair dealing or unethical activity.

The credit union will act fairly and reasonably towards you in an ethical manner; in doing so, it will consider your conduct, its conduct and the contract between us.

In meeting the credit union's key commitments to you, it will have regard to its prudential obligations.

Access to Basic Banking

The credit union recognizes the importance of access to banking services and will take reasonable measures to ensure access to a basic banking account. A credit union may restrict account services to reasonably protect itself from credit losses from account users.

Account Statements

To help you manage your account and check activity on it, the credit union will provide regular account statements depending on the financial services being accessed. Statements may be provided monthly, quarterly or, at a minimum, annually. A statement may not be provided if, after taking reasonable steps, the credit union is unable to locate you.

Notice of Service Fee Changes and/or Account Structure Changes

The credit union will provide a minimum of 30 days' notice for changes in service fees and/or changes in account, product, or service structures that you are receiving.

Notice of Branch Closure

The credit union will provide a minimum of four months' notice in the event of a credit union branch closure.

Changes to Terms and Conditions

The credit union will provide a minimum of 30 days' notice to terms and conditions that govern the operation of your account(s) with it. For those who do not receive a

statement, a notice at the branch will be posted for a minimum of 60 days in advance of changes.

Employee Training and Competency

The credit union will ensure its employees are trained with appropriate accreditation and licensing so that they:

- acquire an appropriate level of knowledge to competently and effectively carry out their roles and responsibilities and provide the products and services they are authorized to provide;
- meet professional ethical standards and act with a high level of honesty, integrity, fairness, due diligence and skill; and
- have an adequate knowledge of the provisions of the Market Code and comply with this code in dealing with you.

If accreditation and/or licenses are not prominently displayed, employees will identify the relevant accreditations and/or licenses they maintain at the time of product inquiry and/or product sale.

Abiding by the Law

The credit union will ensure that all products and services comply with relevant laws and regulations.

The credit union will comply with all applicable laws, rules and regulations of federal, provincial and local governments and other applicable public and self-regulating agencies as well as credit union policies that affect how we do our jobs.

Administration of the Market Code

Copies of the Market Code

The credit union will make copies of the Market Code available to all members and customers. The credit union will also have a notice in all its branches explaining that copies of the Market Code are available. Where possible, the credit union will publish the Market Code on its website.

Accountability

The credit union is responsible for adherence to the Market Code and will designate a Compliance Officer who is accountable for the credit union's compliance with the Market Code. Ultimate accountability for the credit union's compliance with the Market Code rests with the credit union's board of directors.

The credit union will identify the Compliance Officer responsible for the day-to-day compliance with the Market Code to its members, customers and employees.

The credit union will implement policies and procedures to give effect to the principles, including:

- procedures to receive and respond to concerns and inquiries;
- training staff to understand and follow the credit union's policies and procedures; and
- an annual review of the effectiveness of the policies and procedures to ensure compliance with the Market Code and to consider revisions.

The credit union will periodically remind employees, officers and directors of the importance of the Market Code. The credit union has adopted a Code of Conduct that sets standards for the business and ethical conduct of employees. Employees, officers and directors are required to sign a declaration stating that they review the credit union's Code of Conduct annually and commit to uphold the principles in the Market Code.

Questions about the Market Code?

Contact the credit union's Compliance Officer if you have questions about the Market Code. The name of the Compliance Officer is available by contacting the credit union. The credit union will respond to inquiries, questions or concerns within a reasonable amount of time and at no cost or at a reasonable cost to you. The requested information will be provided or made available in a form that is generally understandable.

If the Market Code is not being followed, the credit union will seek to correct the deficiency.

If your inquiry, question or concern is not resolved to your satisfaction, it will be recorded by the credit union. When you make an inquiry or lodge a complaint, you will be informed of complaint handling procedures by the credit union.

Complaint Handling

The credit union has a published complaint handling policy endorsed by the credit union's board of directors formalizing its commitment to the complaint handling process.

We will prominently post the availability and accessibility of the process for resolving complaints on our website. We will also provide you with information about the process for resolving complaints at the time they arise.

We are participants in the Ombudsman for Banking Services and Investments (OBSI) and the Centre for the Financial Services OmbudsNetwork (CFSON). The OBSI is an external organization that is available to settle financial services complaints if they cannot be settled through the financial service provider's internal complaint handling process.

The CFSON provides Canadian financial services to consumers with a single-window access to high quality, independent, impartial and effective complaint resolution

services in banking, life and health insurance, general insurance, securities and mutual fund industries.

The details of the credit union's three step complaint handling process are as follows:

Step 1: Your Credit Union

If you have a complaint or concern, the first place to make it known is at the credit union. This process will be:

- free of charge;
- in accordance with industry complaint handling standards for an internal dispute resolution process. The standards reflect a commitment to a consumer-oriented approach to complaint handling and redress including accessibility, timeliness, courtesy, clarity, accuracy and consistency;
- available to you by contacting the credit union and asking for the Complaint Officer; and
- accessible via toll free telephone #, e-mail, in person, or in writing.

Step 2: Provincial Credit Union Ombudsman

Consistent with industry standards, the credit union system has established the Office of the Ombudsman to help with matters that remain unresolved. If you feel your problem is unresolved after dealing with the credit union, you may contact the Office of the Ombudsman. The Ombudsman process will be:

- free of charge;
- in keeping with industry ombudservice standards for an industry level complaint handling process; the standards reflect the principles of knowledge, fairness, impartiality, confidentiality, objectivity and independence;
- administered to ensure complaints are treated fairly and consistently in a timely and courteous manner;
- available to you by contacting SaskCentral and asking for the SaskCentral Ombudsman; and
- accessible via phone, e-mail, in person or in writing.

SaskCentral Ombudsman
2055 Albert Street
P.O. Box 3030
Regina, SK S4P 3G8
Telephone: (306) 566-7670
Fax: (306) 566-1659
E-mail: ombudsman@saskcentral.com

Step 3: Ombudsman for Banking Services and Investments

Consistent with industry standards, the credit union system has joined the Ombudsman for Banking Services and Investments (OBSI), which is an external impartial organization that helps with matters that have not been resolved to your satisfaction. If you are dissatisfied after dealing with your credit union and the Office of the Ombudsman, you may contact the OBSI.

This external complaint handling process will be:

- free of charge;
- reflect a commitment to a consumer-oriented approach to complaint handling including accessibility, timeliness, courtesy, clarity, accuracy and consistency;
- in accordance with the principles of knowledge, fairness and impartiality, confidentiality, objectivity and independence;
- governed by a separate board of directors whose members include a majority of independent directors; and
- available to you by contacting the Ombudsman for Banking Services and Investments or the Centre for the Financial Services OmbudsNetwork.

Ombudsman for Banking Services and Investments

401 Bay Street, Suite 1505

P.O. Box 5

Station Adelaide

Toronto, ON M5H 2Y4

Toll Free Telephone: 1-888-451-4519

Toll-Free Fax: 1-888-422-2865

E-mail: ombudsman@obsi.ca

Website: www.obsi.ca

Free of charge – a fee will not be charged to cover the costs incurred in dealing with a complaint. Expenses incurred by the consumer are not funded by the credit union or ombudsman and there is no provision for the award of costs to solicitors or other professionals.