

BY LAW NO .1

A by-law relating generally to the management of the business
and affairs of Alberta Treasury Branches and the conduct of the
business of its Board of Directors

February 25, 2003

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BY-LAW NO. 1

PREAMBLE

ATB is established and operated pursuant to the Act. Under subsection 8 (1) of the Act, the Directors may make by-laws governing the management of the business and affairs of ATB and the conduct of the business of the Board. The following is therefore enacted as By-law No. 1 of the Board.

ARTICLE 1 – DEFINITIONS

1.1 In this by-law:

- (a) Definitions in the Act
Except where otherwise defined herein or where the context otherwise specifies or requires, words and phrases defined in the Act have the same meaning when used in this by-law.
- (b) Additional Definitions
In addition, in this by-law:
 - (i) “Act” means the Alberta Treasury Branches Act, Chapter A-37.9, R.S.A. 2000, as amended together with any regulations passed pursuant to it;
 - (ii) “ATB” includes Alberta Treasury Branches and each treasury branch;
 - (iii) “Board” means the Board of Directors of ATB appointed pursuant to subsection 3(1) of the Act;
 - (iv) “Business Day” means a day other than a Saturday, Sunday or statutory holiday in Alberta;
 - (v) “By-laws” means all the by-laws of the Board which are in force, including this By-law no. 1;
 - (vi) “Chair” where used in relation to the Board, means the chair of the Board appointed by the Lieutenant Governor in Council pursuant to subsection 3(1) of the Act and, when used in relation to a Committee, means the chair appointed as the chair of the Committee pursuant to this by-law;
 - (vii) “Committee” means a committee of directors established or appointed by the Board;
 - (viii) “Director” means a member of the Board;
 - (ix) “Resolution” means a resolution:
 - (a) passed by a majority of the votes cast by the Directors who voted in respect of that resolution at a meeting of the Board, or

- (b) signed by all of the Directors entitled to vote.
- (x) “Special Resolution” means a resolution:
 - (a) passed by a majority of not less than 2/3 of the votes cast by the Directors who voted in respect of that resolution at a meeting of the Board, or
 - (b) signed by all the Directors entitled to vote.

Interpretation

- (i) In the By-laws: words importing the singular shall include the plural and vice versa; words importing gender shall include the masculine, feminine or neuter gender as the context requires or permits; and words importing persons shall include individuals, partnerships, unincorporated associations, incorporated bodies, trustees, executors, administrators and legal representatives.
- (ii) Conflict between Act and By-laws
In the event of a conflict between the provisions contained in the Act and the provisions contained in the By-laws, including this by-law, the provisions contained in the Act shall prevail to the extent of such conflict.

ARTICLE 2 – GOVERNANCE

2.1 Restrictions Upon Persons Acting as Directors

- (a) If any Director becomes aware that he or she either was not eligible to become a Director or, since being appointed, has ceased to be eligible to remain a Director pursuant to the Act, such Director shall promptly notify the Chair of the Board.
- (b) Where a person disputes a contention that he or she is ineligible to continue to act as a Director, such person shall submit the issue to the Board for a determination. The determination shall be made by the Board or, at the Board’s direction, a Committee, in accordance with the procedures established by the Board for such purpose. Pending such determination, the Board may suspend the allegedly ineligible Director’s right to notice of, or to attend or participate in any meetings of the Board or any of its Committees, or to vote on any motions made at them.
- (c) Where the Board or the Committee, as the case may be, determines that a person appointed as a Director is ineligible to be or remain a Director, that person ceases to be a Director. The Corporate Secretary shall record in the records of the Board the date on which such person ceased to be a Director and the Chair of the Board shall notify the Minister.
- (d) Notwithstanding any other provision of this by-law, the attendance and participation of any person as a Director at a meeting of Directors or of a

Committee, and the vote of any such person in respect of any Resolution or Special Resolution or any decision of a Committee, shall be valid for all purposes although it is subsequently determined that the person was not eligible to be or remain a Director or member of the Committee at the relevant time.

2.2 Vacancies on the Board

Whenever a vacancy occurs on the Board, whether by reason of resignation, death, ineligibility or otherwise, the Board shall be entitled to continue to fulfil its duties and obligations through its remaining members pending the appointment of a replacement.

2.3 Annual Public Meetings

An annual public meeting shall be held within three months after the conclusion of each fiscal year end of ATB.

2.4 Directors' Meetings

- (a) Meetings of the Board shall be held at the times established by the Board or, whenever called by the Chair on the provision of seven days prior written notice by the Corporate Secretary of the Board to each Director. Meetings shall be called in like manner and on like notice on the written request to the Corporate Secretary or Chair of at least two Directors. Notices provided pursuant to this paragraph shall state the nature of the business to be transacted at such meeting. Reports and other information as may have been compiled in relation to the meeting to assist the Board in dealing with such matters shall be provided as soon as practicable.
- (b) A meeting of the Board may be held at any time without formal notice if all the Directors are present or if all Directors who are absent waive notice or consent in writing to the meeting proceeding in their absence.

2.5 Directors' Meeting by Telephone or Other Communication Facilities

A meeting of the Board may be held by means of telephone or other communication facilities that permit all persons participating in the meeting to hear each other.

2.6 Quorum

A majority of the Directors shall constitute a quorum necessary for the transaction of business at any meeting of the Board. In the event a quorum is established but is subsequently lost, the remaining Directors present at the meeting shall constitute a quorum in respect of matters on the agenda for that meeting, but the departing director shall be entitled to request that any matter on the agenda be dealt with prior to that director's departure from the meeting, if reasonably possible.

Notwithstanding the above, those Directors present may also adjourn a meeting, from time to time, until a quorum is present. No notice of continuation of the adjourned meeting shall be required but no additional matters shall be added to the agenda after the adjournment.

2.7 Voting

Each Director shall be entitled to one vote on each matter submitted to a vote at any meeting of the Board. Unless the By-laws require a Special Resolution, all matters coming before the Board shall be determined by Resolution. In the case of an equality of votes in respect of a matter to be dealt with by Resolution, the Chair shall have a second or deciding vote.

2.8 Special Resolution

In addition to any other matters required by the Act or By-laws to be dealt with by Special Resolution, the following shall require approval by Special Resolution:

- (a) any proposed new By-law of the Board;
- (b) an amendment to any of the By-laws.

2.9 Action Without a Directors' Meeting

A Resolution or Special Resolution signed by all of the Directors entitled to vote or a resolution of a Committee signed by all of the members of that Committee entitled to vote on the resolution is as valid as if passed at a meeting of Directors or of that Committee.

2.10 No Delegation by Directors

A Director shall not be entitled to delegate to any other person any of the rights or powers of a Director under the Act or the By-laws except where expressly provided in the Act or the By-laws.

2.11 Duties of Chair

The Chair shall be appointed by Order in Council and shall:

- (a) call meetings of the Board;
- (b) establish the agenda for meetings;
- (c) when present, preside at meetings;
- (d) generally be responsible for the management of the business and affairs of the Board; and
- (e) decide all questions in dispute relating to the interpretation and application of this by-law.

Any decision of the Chair on such matters shall be conclusive provided such decision does not conflict with the Act.

2.12 Duties of the Vice-Chair

Subject to the overriding authority of the person (if any) appointed to act in place of the Chair by Order-in-Council, the Vice-Chair (if one is appointed by the Board) may exercise all the powers and shall perform all the duties of the Chair during any period when the Chair is absent or incapacitated, including chairing any meeting of the Board held in the Chair's absence. In the absence of both the Chair and the Vice-Chair (if one is appointed by the Board), the Chair may appoint a Director to act as Chair of a meeting

and any director so appointed may exercise all the powers and perform all the duties of Chair for that meeting.

ARTICLE 3 – DUTIES AND POWERS OF DIRECTORS

3.1 General Powers

The Board shall manage the business and affairs of ATB, provide direction to management and take such other actions as it deems appropriate to fulfil the purposes of the Act, subject in all cases to the Act. The Board may adopt such policies, rules, recommendations and actions, as it deems advisable and which are consistent with the Act and the By-laws.

3.2 Delegation of Powers

Other than as expressly prohibited by the Act, the Board may delegate to any Director, to a Committee of Directors or to any Officer or employee of ATB, any of the Board's powers and duties under the Act, to such extent and in such manner as the Board determines at the time of such delegation. The Board may revoke or limit any such delegation at any time.

3.3 Execution of Instruments

Signing authority for execution of contracts and other documents requiring execution by ATB shall be determined from time to time by resolution of the Board. All contracts and other documents so signed shall be binding upon ATB without any further authorization or formality.

3.4 Annual Report

At the end of each fiscal year, the Board shall cause the preparation of an annual report in a format approved by the Board, which will include:

- (a) those financial matters required under the Act and the Government Accountability Act;
- (b) the remuneration of Directors or selected Senior Officers or both, as may be directed by the Board; and
- (c) any other information which in the Board's opinion should be included.

ARTICLE 4 – PROTECTION OF DIRECTORS, OFFICERS AND OTHERS

4.1 Limitation of Liability

- (a) In exercising their powers and discharging their duties, every Director and Officer shall act honestly and in good faith, and shall exercise the care, diligence and skill that a reasonable and prudent person would exercise in comparable circumstances. Subject to the foregoing and the Act, no Director or Officer shall be liable for the acts, neglects or defaults of any other Director or Officer or of any other loss, damage or misfortune, whatever, which may happen in the execution of his duties. The Directors and Officers shall not be under any duty or

responsibility in respect of any contract, act or transaction whether or not made, done or entered into in the name of or on behalf of ATB, except such as have been submitted to and authorized or approved by the Board in the manner provided for in this by-law.

- (b) Except as provided in the Act, no Director shall be liable to any other Director for any loss or damage to property, loss of earning, revenues, personal injury, or any other direct, indirect, punitive, exemplary, special or consequential damages or injury which may occur or result from the performance or non-performance of the By-laws, including any negligence (whether active, passive or imputed) arising thereunder. Each Director releases each other Director from any such liability. Nothing in the By-laws is intended to expand or limit any Director's liability pursuant to any law, regulation, contract, or agreement other than as expressly set forth in the By-laws.

4.2 Indemnity

ATB shall indemnify each Director and Officer in accordance with, and shall issue to each Director and Officer the indemnity in the form attached hereto as Schedule "A". Subject to the Act and upon approval by the Board, ATB may indemnify the directors and officers of its wholly owned subsidiaries and employees or contractors of ATB or its subsidiaries, on such terms as may be approved by the Board.

ARTICLE 5 – OFFICERS

5.1 Appointment of Officers

(a) Generally

The Board shall from time to time designate the offices of ATB and shall appoint the Officers, other than the Chief Executive Officer. Each Officer shall hold office until a successor is appointed or until such Officer resigns. Two or more offices may be held by the same person.

(b) Offices of the Corporate Secretary and Vice President, Internal Audit

In addition to the office of the Chief Executive Officer, there shall be at a minimum the offices of the Chief Financial Officer, the Executive Vice President, Credit, and the Corporate Secretary and the Vice President, Internal Audit, who shall report to the Board. The Board may also appoint an Assistant Corporate Secretary to exercise the powers and perform the duties of the Corporate Secretary in his or her absence.

5.2 Removal of Officers

With the exception of the Chief Executive Officer and the Chair (including any person appointed by Order-in-Council to act in place of the Chief Executive Officer or the Chair), an officer may be removed by the Board at any time.

5.3 Duties of Corporate Secretary

- (a) The Corporate Secretary shall:
- (i) assist the Chair, the Chairs of Committees and the Chief Executive Officer to establish agendas to ensure that the business of the Board is conducted in an efficient and timely manner, and work with management to ensure that information required by the Board is prepared and provided in a timely manner;
 - (ii) compile all information required by the Board for meetings and, if practicable, deliver such information to each Director prior to the relevant meeting;
 - (iii) attend all meetings of the Board and record all decisions and resolutions made and votes taken thereat;
 - (iv) keep minutes of all such meetings;
 - (v) keep and distribute to all Directors a record of all meetings of the Board;
 - (vi) have general charge and supervision of the records of meetings and actions of the Board and its Committees;
 - (vii) serve all notices required by law and the By-law to be given to the Directors and Officers and others;
 - (viii) make a full report on all matters and business pertaining to the Corporate Secretary's office at the annual meeting of the Board;
 - (ix) keep a register in which shall be entered the names and addresses of all Directors, Officers, Committees and Committee Members;
 - (x) make or cause to be made all reports and filings required by law and the By-laws;
 - (xi) unless otherwise specified by the Board, act as secretary for all Committees; and
 - (xii) perform such other duties as may be specified by the Board from time to time or as may be required to support the efficient functioning of the Board and its Committees.
- (b) If the Corporate Secretary is unable to attend a Board meeting, the Directors present at such meeting shall appoint a person to act as Secretary at such meeting.

ARTICLE 6 – COMPENSATION AND COSTS

6.1 Administration Costs

All costs relating to the Board and its activities and Committees shall be paid by ATB in accordance with the Act.

6.2 Compensation of Directors and Officers

Directors, including the Chair and any Vice-Chair and Officers shall be entitled to be reimbursed for all reasonable out-of-pocket expenses incurred in connection with acting in their capacity as Directors and Officers of ATB. Directors, including the Chair and any Vice-Chair, shall be entitled to receive such remuneration as is approved by the Board, and with respect to base salary, approved by the Minister. The Chief Executive

Officer shall be entitled to receive such remuneration as is recommended by the Board and approved by the Minister. Other Officers, shall be entitled to receive such remuneration as is established from time to time by the Board.

6.3 Professional Advisors

When requested by the Chair or the Board or a Committee, the Corporate Secretary shall retain professional advisors for the purposes of the Board or a Committee. The costs of all such professional advisors shall be paid by ATB.

ARTICLE 7 – COMMITTEES

7.1 Creation of Committees

In addition to those Committees specified in the Act and the By-laws, the Board may from time to time create, appoint members to, remove members from and terminate Committees, as it deems appropriate. The Resolution establishing a Committee shall set out its purpose and responsibilities. Each such Committee shall report to and be subject at all times to the control and direction of the Board.

7.2 Function of the Committees

Except as otherwise specified in the By-laws or by the Board, the general role of each Committee shall be to provide information, make recommendations to the Board for approval and make decisions on behalf of the Board in those areas of authority and responsibility established by its Board approved mandate.

7.3 Procedure

- (a) Unless otherwise determined by the Board or provided in the Act or the By-laws, each Committee shall determine and regulate its procedure in all respects.
- (b) A meeting of a Committee may be held in person or by means of telephone or other communication facilities that permit all persons participating in the meeting to hear each other.

7.4 Duties of Chair of Committee

The Chair of a Committee shall, when present, preside at all meetings of the committee, call meetings of the committee, submit recommendations of the Committee to the Board and be responsible for the management of the business and affairs of the Committee.

7.5 Duties of Secretary of a Committee

The secretary of a Committee shall attend all meetings of the committee, record all votes, keep and distribute to all members a record of all meetings of the Committee, and have general charge and supervision of the books and records of the Committee. The secretary of the Committee shall serve all notices and provide all information concerning the Committee required by law, by the By-laws and by Resolution to be given to the Directors or Committee members. Unless otherwise specified by the Board, the Corporate Secretary will act as the secretary of the Committee.

7.6 Attendance at Committee Meetings

Unless otherwise specified by the Board, attendance and participation at Committee meetings shall be open to any Director and, except for in camera sessions, the Chief Executive Officer and any other person authorized by a Committee to attend a meeting or meetings of that Committee. In the case of the Audit Committee, meetings, including in camera sessions, shall also be open to the Auditor General or the Auditor General's Designate.

7.7 Quorum

The participation of one-half of the members of a Committee shall constitute a quorum necessary to the transaction of business at any meeting of a Committee. The participating Committee members may adjourn any meeting from time to time until there is a quorum, with no further notice of the meeting required, but no additional matters shall be added to the agenda after the adjournment. In the event a quorum is established but is subsequently lost, the remaining committee members shall constitute a quorum in respect of matters on the agenda for that meeting, but the departing member shall be entitled to request that a matter on the agenda be dealt with prior to that member's departure, if reasonably possible. Notwithstanding the above, those directors present may also adjourn a meeting from time to time until a quorum is present. No notice of continuation of the adjourned meeting is required, but no additional matters shall be added to the agenda after adjournment.

7.8 Voting

Unless otherwise specified by the Board, each Committee member shall be entitled to one vote upon each matter submitted to a vote at any meeting of a Committee. Any matter coming before a Committee shall be adopted for recommendation to the Board only if a majority of the Committee members participating in the meeting vote in favour of the matter. In the case of an equality of votes, the Chair shall have a second or deciding vote.

ARTICLE 8 – EFFECT OF BY-LAWS

8.1 Effective Date

By-laws shall become effective upon passage of a Special Resolution approving such By-law.

ARTICLE 9 – MISCELLANEOUS

9.1 Method of Giving Notice

Any notice or other document required by the By-laws to be sent to any Director or Officer shall be delivered personally or sent by prepaid mail or by facsimile or electronic transmission to any such Director or Officer at the latest post address, electronic address, or facsimile number as shown in the register of the Board. A delivered notice shall be deemed to be given when it is delivered personally to such address as aforesaid. A mailed notice shall be deemed to have been given on the fifth day after it is deposited in a post office or public letter box; and a notice sent by any means of facsimile or electronic transmission shall be deemed to have been given when dispatched.

In the event of disruption or threatened disruption of mail service, all notices shall be given by personal delivery or facsimile or electronic transmission in accordance with the foregoing paragraph.

9.2 Omissions and Errors

The accidental omission to give any notice to any Director or Officer or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice.

9.3 Waiver of Notice

A Director or Officer may at any time waive any notice, or waive or abridge the time for any notice, required to be given to him or her under the By-laws. Any such waiver or abridgement, whether given before or after the meeting or other event for which notice is required to be given, shall cure any default in the giving or in the time of such notice, as the case may be. Attendance of a Director at a meeting of Directors is waiver of notice of the meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds the meeting is not lawfully called.

9.4 Confidentiality

Each Director shall, unless authorized by the Board, maintain the utmost confidentiality with respect to the business and affairs of ATB. The Board shall implement and maintain policies and procedures to ensure that all Officers, employees and agents are bound to observe a similar duty of confidentiality.

9.5 No Third-party Beneficiaries

Nothing in this By-law shall be construed to create any duty to, any standard of care with reference to, or any liability to, any third party.

SCHEDULE "A"
INDEMNITY

To:

In consideration of you agreeing to become or remain a member of the Board of Directors or an Officer of Alberta Treasury Branches, Alberta Treasury Branches hereby agrees that it shall indemnify you and hold you harmless from and against:

- (a) any liability and all costs, charges and expenses, including all amounts paid or incurred to settle an action or satisfy any judgement, you or your heirs and legal representatives may sustain, pay or incur (as the same becomes payable by you) in respect of any action, suit or proceeding whether of a criminal, civil or administrative nature, that is threatened or commenced against you (and whether during your tenure as a Director or Officer or subsequent thereto), for or in respect of anything done or omitted to be done by you in respect of the execution of your duties or powers as a Director or Officer of Alberta Treasury Branches; and
- (b) all other reasonable costs, charges and expenses that you sustain, pay or incur in your capacity as a Director or Officer in respect of the affairs of Alberta Treasury Branches.

Notwithstanding the above, you shall not be indemnified in respect of a matter if:

- (i) you failed to act honestly and in good faith and with a view to the best interests of Alberta Treasury Branches; or
- (ii) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, you did not have reasonable grounds for believing that your conduct was lawful;

In addition, any amount payable to you under this Indemnity shall be reduced by the amount to which you are entitled under any policy of insurance or under any separate indemnity in the nature of insurance provided to you by or through Alberta Treasury Branches or Her Majesty the Queen in Right of Alberta.

Before being entitled to payment under this Indemnity, you must comply with the Additional Conditions attached.

DATED this ____ day of _____,

Alberta Treasury Branches

Per: _____

Per: _____

ADDITIONAL CONDITIONS

Each indemnified person shall comply with the following terms and conditions except in the case of a criminal action or proceeding or an administrative action or proceeding that is enforced by a monetary penalty:

- (a) to the extent the person has a right of action against another person, whether for damages or indemnification or otherwise, the person shall assign that right to Alberta Treasury Branches (“ATB”) and subrogate ATB to that right to the extent of the amounts paid by ATB or for which ATB is liable;
- (b) any barrister and solicitor who acts for the person shall be approved for that purpose by ATB;
- (c) the person shall promptly give ATB written notice, with all available particulars, of the action or proceeding and of all claims made in it;
- (d) the person shall promptly forward to ATB all documents, including letters, notices, advices, pleadings and orders, received by him from or on behalf of a claimant in respect of the action or proceeding;
- (e) the person shall not voluntarily assume any liability in respect of or settle the action or proceeding except at the person’s own cost;
- (f) the person shall not interfere in any way in the action or proceeding or any negotiations for settlement of it;
- (g) the person shall, whenever requested by ATB, aid in securing information and evidence and the attendance of any witness and cooperate with ATB, except in a pecuniary way, in the defense of the action or proceeding and any appeal; and
- (h) if ATB is not also a party to the action or proceeding the person shall consent to any order or leave that may be applied for by ATB to be added as a party or to be allowed to make representations on its own behalf without being a party.