

**RESTATED
BY-LAW NO. 1**

being the General By-law of

ONTARIO MOTOR VEHICLE INDUSTRY COUNCIL
(hereinafter referred to as the "Corporation")

NAME

1. **Corporate Name** - The name of the Corporation shall be Ontario Motor Vehicle Industry Council.

PURPOSE

2. **Objects** - On October 8, 1996, the Corporation was incorporated under the Act as a corporation without share capital, with the following objects:
 - a. to administer the MVD Act and the MVD Regulations and any other legislation and regulations as may be designated and delegated to the Corporation under the SCSA Act, or otherwise;
 - b. pursuant to its statutory mandate under section 4(2)(f) of the SCSA Act, to comply with the principle of maintaining a fair, safe and informed marketplace in the motor vehicle industry (the "industry");
 - c. to enhance consumer protection and confidence in the industry in Ontario through, but not necessarily limited to, the following activities: registration, mediation, inspection, investigation, enforcement and discipline procedures, as they relate to registrants in the industry;
 - d. to promote consumer education, information and awareness in the industry;
 - e. to promote education and certification of industry members;
 - f. to promote open, fair and ethical business competition based on customer service and product value and to ensure fair and free access to business opportunities in the industry consistent with the requirements of the MVD Act and the maintenance of high ethical and business standards;
 - g. to develop a code of practice in order to foster high ethical standards and professionalism in the industry;
 - h. to promote alternatives to litigation for the resolution of disputes between consumers and industry members and between industry members;

- i. pursuant to its statutory mandate under section 8(5) of the SCSA Act, to provide the Minister with timely and reliable information and advice on statutory and regulatory reform, administrative issues and other matters of public interest relating to the industry by maintaining regular liaison with the government and establishing policies and procedures to ensure adequate public and stake holder consultation in developing recommendations;
- j. to carry on any other duties granted or delegated to it by the Ministry; and
- k. to engage in such other activities, as may become necessary in the future, in order for the Corporation to fulfil the mandates assigned to it by the SCSA Act and the MVD Act and any other applicable legislation.

INTERPRETATION

3. **Definitions** - In this By-law (including, without limitation, paragraphs 1 and 2), unless the context otherwise specifies or requires:

- a. "Act" means the *Corporations Act*, R.S.O. 1990, c. C8 as from time to time amended and every statute that may be substituted therefor and, in the case of such substitution, any references in the By-laws of the Corporation to provisions of the Act shall be read as references to the substituted provisions therefor in the new statute or statutes;
- b. "Administrative Agreement" means the administrative agreement made between the Ministry and the Corporation as required pursuant to the SCSA Act, wherein the administration of the MVD Legislation has been delegated to the Corporation;
- c. "Administrative Authority" means the administrative authority designated under the SCSA Act to administer the MVD Act, being the Corporation;
- d. "By-law" means any by-law of the Corporation from time to time in force and effect;
- e. "Dealer member" has the meaning attributed thereto in paragraph 46;
- f. "Director member" has the meaning attributed thereto in paragraph 47;
- g. "Group" or "Groups" have the meaning attributed thereto in paragraph 13;
- h. "Letters Patent" means the Letters Patent and any supplementary letters patent of the Corporation;
- i. "MVD Act" means the *Motor Vehicle Dealers Act*, R.S.O. 1990, c. M42 as from time to time amended and every statute that may be substituted therefore and, in the case of such substitution, any references in the By-laws of the Corporation to provisions of the MVD Act shall be read as references to the substituted provisions therefore in the new statute or statutes;
- j. "MVD Legislation" means collectively the MVD Act and the MVD Regulations;

- k. "MVD Regulations" means the regulations made under the MVD Act as from time to time amended and every regulation that may be substituted therefore and, in the case of such substitution, any reference in the By-laws of the Corporation to provisions of the MVD Regulations shall be read as references to the substituted provisions therefore in the new regulations;
 - l. "Minister" means the Minister responsible for the administration of the MVD Act, or of the SCSA Act, as the case may be;
 - m. "Ministry" means the Ministry of Consumer and Commercial Relations, any successor thereto, or the Ministry responsible for the MVD Act, or the SCSA Act, as the case may be;
 - n. "OA/TADA" means the Ontario & Toronto Automobile Dealers Associations, being comprised of the Ontario Automobile Dealers Association ("OADA"), a corporation without share capital incorporated under the Act, and the Toronto Automobile Dealers Association ("TADA"), [a corporation without share capital incorporated under the Act, or such successor corporations or associations thereto];
 - o. "Registrant" means a person registered as a motor vehicle dealer under the MVD Legislation;
 - p. "Regulations" means the regulations made under the Act as from time to time amended and every regulation that may be substituted therefor and, in the case of such substitution, any references in the By-laws of the Corporation to provisions of the regulations shall be read as references to the substituted provisions therefor in the new regulations;
 - q. "SCSA Act" means the *Safety and Consumer Statute Administration Act*, S.O., 1996, c. 19 as from time to time amended and every statute that may be substituted therefor and, in the case of such substitution, any references in the By-laws of the Corporation to provisions of the SCSA Act shall be read as references to the substituted provisions therefor in the new statute or statutes;
 - r. "Special Resolution" means a resolution passed by the directors of the Corporation and confirmed with or without variation by at least two thirds (2/3rds) of the votes cast a general meeting of the members of the Corporation duly called for that purposes or at an annual meeting, or, in lieu of such confirmation and if authorized under the Act, by the consent in writing of all of the members entitled to vote at such meeting;
 - s. "UCDA" means the Used Car Dealers Association of Ontario, a corporation without share capital incorporated under Part II of the *Canada Corporations Act*, or such successor corporation or association thereto;
4. **Interpretation** - This By-law shall be, unless the context otherwise requires, construed and interpreted in accordance with the following:
- a. all terms which are contained in the By-laws of the Corporation and which are defined in the Act or the Regulations made thereunder shall have the meanings given to such terms in the

Act or such Regulations;

- b. words importing the singular number only shall include the plural and vice versa; words importing gender shall include the masculine, feminine and neuter genders; and the word "person" shall include individuals, bodies corporate, corporations, companies, partnerships, syndicates, trusts, unincorporated associations and any number or aggregate of persons; and
- c. the headings used in the By-laws are inserted for reference purposes only and are not to be considered or taken into account in construing the terms or provisions thereof or to be deemed in any way to clarify, modify or explain the effect of any such terms or provisions.

HEAD OFFICE

- 5. **Head Office** - The head office of the Corporation shall, subject to such change as the members shall approve by Special Resolution, be in the Municipality of Metropolitan Toronto, in the Province of Ontario and at such place within the municipality in Ontario where the head office is from time to time situate as the directors of the Corporation may from time to time by resolution fix.

SEAL

- 6. **Seal** - The seal, an impression of which is stamped in the margin hereof, shall be the seal of the Corporation.

DIRECTORS

7. **Duties** - The affairs of the Corporation shall be managed by a board of directors who may be known and referred to as directors.
8. **Qualifications** - Every director shall be eighteen (18) or more years of age and shall be a Director member of the Corporation, or shall become a Director member of the Corporation within ten (10) days after election or appointment as a director, and no undischarged bankrupt or mentally incompetent person shall become a director.
9. **First Directors** - The applicants for incorporation as set out in the Letters Patent shall become the first directors of the Corporation whose term of office on the board of directors shall continue until their successors are elected by the members. Notwithstanding paragraphs 45, 46, and 47 the members of the Corporation who will be entitled to vote in respect of the first election of directors shall be comprised only of the applicants for incorporation.
10. **Number** - The first board of directors of the Corporation elected by the members as contemplated in paragraph 9 shall consist of twelve (12) elected directors. Thereafter, the board of directors shall consist of such other number of directors as may be determined from time to time by Special Resolution.
11. **Elected Directors** - Save and except as provided for in paragraph 12, elected directors of the Corporation shall hold office for a term of three (3) years calculated from the date of the annual meeting at which they are elected until the third annual meeting following such annual meeting, or until their successors have been elected and qualified, and shall retire in rotation.
12. **First Elected Directors** - The first directors of the Corporation elected by the members as contemplated in paragraph 9 shall hold office in the following manner:
 - a. one third (1/3rd) of such directors shall hold office for a term of two (2) years; and
 - b. one third (1/3rd) of such directors shall hold office for a term of three (3) years; and
 - c. one third (1/3rd) of such directors shall hold office for a term of four (4) years,calculated from the date on which they are elected until, in the case of the directors referred to in subparagraph (a) the second annual meeting, in the case of the directors referred to in subparagraph (b) the third annual meeting, and in the case of the directors referred to in subparagraph (c) the fourth annual meeting, next following their election, or until their successors have been elected and qualified. The selection of the first elected directors who will be subject to each of subparagraphs (a), (b) and (c) shall be determined by resolution by the board of directors.
13. **Nominating Committee** - The nominating committee of the Corporation shall:
 - a. be appointed and approved by resolution by the board of directors annually and shall consist of at least four (4) individuals. The nominating committee of the Corporation shall consist of a representative from each of the following groups (individually a "Group" and collectively the "Groups"):

- i. UCDA dealer members; and
- ii. OA/TADA dealer members; and
- iii. dealer members of both UCDA and OA/TADA; and
- iv. directors appointed by the Minister pursuant to the SCSA Act and the Administrative Agreement,

which representatives shall be put forward by the directors representing each Group and approved by resolution by the board of directors. Thereafter, the nominating committee shall include a representative from each of the Groups, which representatives shall be put forward by the directors representing each Group and approved by the board of directors;

- b. solicit applications from the members of the Corporation and prepare a slate of one or more qualified candidates for each director's office which will be vacant and for which an election is to be held at an annual meeting of members. The nominating committee shall ensure that the sale of candidates presented to the members at the annual meeting will result, after such election, in the elected directors of the Corporation being comprised, subject to subparagraph 13(e):

- (i) three (3) representatives comprised of:

- (1) two (2) representatives of OA/TADA dealer members; and

- (2) one (1) representative of all Franchised dealer members, who may or may not be a OA/TADA dealer member. For such purposes, a "Franchised dealer member" means a dealer member in new motor vehicles that has a franchise or similar agreement with a manufacturer or distributor of new motor vehicles;

- (ii) three (3) representatives of joint UCDA – OA/TADA dealer members; and

- (iii) three (3) representatives comprised of:

- (1) two (2) representatives of UCDA dealer members; and

- (2) one (1) representative of all dealer members (other than a Franchised dealer member (as hereinafter defined)), who may or may not be a UCDA dealer member.

For purposes of preparing the slate of candidates who will be presented for election at an annual meeting of members, the nominating committee shall use reasonable efforts to ensure that the members of the groups as specified above (individual a "group" and collectively the "groups") are given a fair opportunity to apply for such office to represent such group on the board of directors of the Corporation. The nominating committee shall establish from time to time qualifications and criteria, in addition to the qualifications set out in the Act and the

By-laws, to be applied to each applicant equally, which must be satisfied by an applicant in order for such applicant to be included on the slate of candidates for a director's office, prepared by the nominating committee, provided that such qualifications and criteria established by the nominating committee must be ratified by resolution by the board of directors. For purposes of carrying out the foregoing, the deadline for receipt by the nominating committee of nominations for candidates to stand for election to the Corporation's Board of Directors shall be a date no earlier than sixty (60) days prior to the date on which the Corporation must give Notice to the Members of the Annual and General Meeting as required by By-law No. 1;

- c. circulate to members of the Corporation not less than thirty (30) days prior to the annual meeting of members the names of the candidates for election to the board of directors at such annual meeting. The slate of candidates so proposed by the nominating committee shall be ratified by resolution by the board of directors prior to its circulation to the members;
- d. make recommendations to the board of directors of the names of individuals to fill vacancies on the board of directors that occur from time to time, provided that the individuals recommended to fill such vacancies shall consist of representatives of the group which was represented by the director creating the vacancy; and
- e. make recommendations to the board of directors regarding:
 - (i) the terms of office of the rotating directors elected pursuant to the By-laws; and
 - (ii) the number of directors on the board of directors which represent each of the groups,

provided that any such recommendation shall require ratification and approval by resolution by the board of directors.

- 14. **Re-election** - A director, if otherwise qualified, is eligible for re-election to the board of directors of the Corporation upon the expiration of such director's term.
- 15. **Elections** - At each annual meeting of members a number of directors equal to the number of directors retiring shall be elected for terms of three (3) years by the members eligible to vote from among the slate of candidates for office proposed by the nominating committee. Notwithstanding any other provision of the By-laws, the board of directors of the Corporation shall at all times include those directors appointed from time to time by the Minister pursuant to *SCSA Act* and the Administrative Agreement.
- 16. **Election Method** - Where:
 - a. the number of candidates nominated to represent a group on the board of directors is equal to the number of offices to be filled with respect to such group, the Secretary of the meeting shall cast a single ballot electing that number of candidates for the offices on the board of directors to be so filled; and
 - b. the number of candidates nominated to represent a group on the board of directors is greater

than the number of offices to be filled with respect to such group, the election to fill such offices shall be by ballot.

17. **Ballot Forms** - The board of directors may prescribe from time to time the form of ballot to be used for the election of directors.
18. **Vacancies** - The office of a director shall automatically be vacated:
 - a. if the director does not within ten (10) days after election or appointment as a director become a Director member, or ceases to be a Director member of the Corporation;
 - b. if the director ceases to be employed on a full-time basis by a Registrant;
 - c. if the director fails to attend at least seventy five percent (75%) of the meetings of directors held in any year during such director's term of office;
 - d. if the director becomes bankrupt or suspends payment of debts generally or compounds with creditors or makes an authorized assignment or is declared insolvent;
 - e. if the director is found to be a mentally incompetent person or becomes of unsound mind;
 - f. if the director by notice in writing to the Corporation resigns office, which resignation shall be effective at the time it is received by the Secretary of the Corporation or at the time specified in the notice, whichever is later;
 - g. if a Special Resolution is passed by the members at a general meeting removing the director before the expiration of the director's term of office; or
 - h. if the director dies.
19. **Filling Vacancies** - A vacancy occurring in the board of directors shall be filled as follows:
 - a. if the vacancy occurs as a result of the removal of any director by the members in accordance with paragraph 18(g) above, it may be filled upon the vote of a majority of the members and any director elected to fill a removed director's place shall hold office for the remainder of the removed director's term;
 - b. any other vacancy in the board of directors may be filled for the remainder of the term by the directors then in office, if they shall see fit to do so, so long as there is a quorum of directors in office, provided that if there is not a quorum of directors, the remaining directors shall forthwith call a meeting of the members to fill the vacancy, and, in default or if there are no directors then in office, the meeting may be called by any member; or
 - c. otherwise such vacancy shall be filled at the next annual meeting of the members at which directors are elected.

If the number of directors is increased between the terms, a vacancy or vacancies, to the number of the authorized increase, shall thereby be deemed to have occurred, which may be filled in the manner

above provided.

20. **Committees**. In addition to the nominating committee contemplated in paragraph 13, the board of directors may from time to time appoint any committee or committees, as it deems necessary or appropriate for such purposes and with such powers as the board shall see fit. Any such committee may formulate its own rules of procedure, subject to such regulations or directions as the board may from time to time make. Any committee member may be removed by resolution of the board of directors. The board of directors may fix any remuneration for committee members who are not also directors of the Corporation.
21. **Remuneration of President and Directors** - The President and the directors shall be paid such remuneration for their services as the board of directors may from time to time by resolution determine and shall also be entitled to be reimbursed for reasonable expenses incurred by them in the performance of their duties.

MEETINGS OF DIRECTORS

22. **Place of Meeting** - Meetings of the board of directors may be held either at the head office or at any place within Ontario.
23. **Notice** - A meeting of directors may be convened by the President, a Vice-President who is a director or any two directors at any time. The Secretary, when directed or authorized by any of such officers or any two directors, shall convene a meeting of directors. The notice of meeting convened as aforesaid need not specify the purpose of or the business to be transacted at the meeting. Notice of any such meeting shall be served in the manner specified in paragraph 66 of this By-law not less than two (2) days (exclusive of the day on which the notice is delivered or sent but inclusive of the day for which notice is given) before the meeting is to take place; provided always that a director may in any manner and at any time waive notice of a meeting of directors and attendance of a director at a meeting of directors shall constitute a 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 that the meeting is not lawfully called; provided further that meetings of directors may be held at any time without notice if all the directors are present (except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called) or if all of the absent directors waive notice before or after the date of such meeting.

If the first meeting of the board of directors following the election of directors by the members is held immediately thereafter, then for such meeting or for a meeting of the board of directors at which a director is appointed to fill a vacancy in the board, no notice shall be necessary to the newly elected or appointed directors or director in order to legally constitute the meeting, provided that a quorum of the directors is present.

24. **Error or Omission in Giving Notice** - No error or accidental omission in giving notice of any meeting of directors shall invalidate such meeting or make void any proceedings taken at such meeting.
25. **Adjournment** - Any meeting of directors may be adjourned from time to time by the chairperson of the meeting, with the consent of the meeting, to a fixed time and place. Notice of any adjourned meeting of directors is not required to be given if the time and place of the adjourned meeting is

announced at the original meeting. Any adjourned meeting shall be duly constituted if held in accordance with the terms of the adjournment and a quorum is present thereat. The directors who formed a quorum at the original meeting are not required to form the quorum at the adjourned meeting. If there is no quorum present at the adjourned meeting, the original meeting shall be deemed to have terminated forthwith after its adjournment. Any business may be brought before or dealt with at any adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same.

26. **Regular Meetings** - The board of directors may appoint a day or days in any month or months for regular meetings of the board of directors at a place or hour to be named by the board of directors and a copy of any resolution of the board of directors fixing the place and time of regular meetings of the board of directors shall be sent to each director forthwith after being passed, but no other notice shall be required for any such regular meetings.
27. **Quorum** - The number of directors which shall form a quorum for the transaction of business shall be that which is set out in the Letters Patent or a special resolution of the Corporation and, in the event of no such provision, a majority of the directors shall form a quorum for the transaction of business. Notwithstanding any vacancy among the directors, a quorum of directors may exercise all the powers of directors.
28. **Voting** - Each director is authorized to exercise one (1) vote. Questions arising at any meeting of directors shall be decided by a majority of votes. In case of an equality of votes the chairperson of the meeting in addition to an original vote shall have a second or casting vote.
29. **Telephone Participation** - If all the directors of the Corporation consent, a meeting of directors may be held by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to hear each other simultaneously and instantaneously, and a director participating in such meeting by such means is deemed to be present at that meeting.

POWERS OF DIRECTORS

30. **Administer Affairs** - The board of directors of the Corporation may administer the affairs of the Corporation in all things and make or cause to be made for the Corporation, in its name, any kind of contract which the Corporation may lawfully enter into and, save as hereinafter provided, generally, may exercise all such other powers and do all such other acts and things as the Corporation is by its Letters Patent or otherwise authorized to exercise and do.
31. **Expenditures** - The board of directors shall have power to authorize expenditures on behalf of the Corporation from time to time and may delegate, by resolution, to an officer or officers of the Corporation, the right to employ and pay salaries or other remuneration to assistants, clerks, agents, representatives and employees and to procure, equip and maintain such offices and other facilities, and to incur such reasonable expenses as may be necessary. The board of directors shall have the power to make expenditures for the purpose of furthering the objects of the Corporation.
32. **Borrowing Power** - The board of directors of the Corporation may from time to time:
 - a. borrow money on the credit of the Corporation;

- b. issue, sell or pledge debt obligations (including bonds, debentures, debenture stock, notes or other like liabilities whether secured or unsecured) of the Corporation;
- c. charge, mortgage, hypothecate or pledge all or any currently owned or subsequently acquired real or personal, movable or immovable property of the Corporation, including book debts, rights, powers, franchises and undertakings, to secure any debt obligations or any money borrowed, or other debt or liability of the Corporation; and
- d. delegate the powers conferred on the board of directors under this paragraph to such officer or officers of the Corporation and to such extent and in such manner as the directors shall determine.

The powers hereby conferred shall be deemed to be in supplement of and not in substitution for any powers to borrow money for the purposes of the Corporation possessed by its directors or officers independently of this By-law.

- 33. **Board Authorized Signatories** - From time to time the board of directors may authorize any director, officer or employee of the Corporation or any other person to make arrangements with reference to the money so borrowed or to be borrowed and as to the terms and conditions of the loan thereof, and as to the security to be given therefor, with power to vary or modify such arrangements, terms and conditions and to give such additional security as the board of directors may authorize, and generally to manage, transact and settle the borrowing of money by the Corporation.
- 34. **Agents and Employees** - The board of directors may appoint such assistants, clerks, agents and representatives and engage such employees as it shall deem necessary from time to time and such persons shall have such authority and shall perform such duties as shall be prescribed by the board of directors at the time of such appointment.

OFFICERS

- 35. **Appointment** - The board of directors shall annually or more often as may be required, elect a President and Secretary, from among themselves, and if deemed advisable may appoint annually or more often as may be required one or more Vice-Presidents, a Treasurer and one or more Assistant Secretaries and/or one or more Assistant Treasurers. A director may be appointed to any office of the Corporation but, subject to section 291 of the Act, none of the said officers except the President need be a director or member of the Corporation. Two or more of the aforesaid offices may be held by the same person. In case and whenever the same person holds the offices of Secretary and Treasurer that person may but need not be known as the Secretary-Treasurer. The board of directors may from time to time appoint such other officers and agents as it shall deem necessary who shall have such authority and shall perform such duties as may from time to time be prescribed by the board of directors.
- 36. **Vacancies** - Notwithstanding the foregoing, each incumbent officer shall continue in office until the earlier of:
 - a. that officer's resignation, which resignation shall be effective at the time the written resignation is received by the Secretary of the Corporation or at the time specified in the resignation, whichever is later;

- b. the appointment of a successor;
- c. that officer ceasing to be a director or member if such is a necessary qualification of appointment;
- d. the meeting at which the directors annually appoint the officers of the Corporation;
- e. that officer's removal; and
- f. that officer's death.

If the office of any officer of the Corporation shall be or become vacant the board of directors by resolution may appoint a person to fill such vacancy.

- 37. **Remuneration of Officers** - The remuneration of all officers appointed by the board of directors shall be determined from time to time by resolution of the board of directors. All officers shall be entitled to be reimbursed for reasonable expenses incurred in the performance of their duties.
- 38. **Removal of Officers** - All officers, in the absence of agreement to the contrary, shall be subject to removal by resolution of the board of directors at any time, with or without cause.
- 39. **Duties of Officers may be Delegated** - In case of the absence or inability to act of any officer of the Corporation or for any other reason that the board of directors may deem sufficient, the board of directors may delegate all or any of the powers of any such officer to any other officer or to any director for the time being.
- 40. **Powers and Duties** - All officers shall sign such contracts, documents or instruments in writing as require their respective signatures and shall respectively have and perform all powers and duties incident to their respective offices and such other powers and duties respectively as may from time to time be assigned to them by the board of directors. The duties of the officers shall include:
 - a. **President** - The President shall be a director and shall be vested with and may exercise all of the powers and perform all of the duties of a chairperson of the board including, without limitation, chairing all meetings of the board of directors and members.
 - b. **Vice-President** - The Vice-President or, if more than one, the Vice-Presidents, in order of seniority, shall be vested with all the powers and shall perform all the duties of the President in the absence or inability or refusal to act of the President; provided, however, that a Vice President who is not a director shall not preside as chairperson at any meeting of the board of directors or of committees of directors, if any, and that a Vice-President who is not a director and member shall not, subject to paragraph 57 of this By-law, preside at any meeting of members.
 - c. **Secretary** - The Secretary shall be a director and shall give or cause to be given notices for all meetings of the board of directors and members when directed to do so and have charge of the corporate seal of the Corporation, the minute books of the Corporation and of the documents and registers referred to in section 300 of the Act.

- d. Treasurer - Subject to the provisions of any resolution of the board of directors, the Treasurer shall have the care and custody of all the funds and securities of the Corporation and shall deposit the same in the name of the Corporation in such bank or banks or with such depository or depositories as the board of directors may direct. The Treasurer shall keep or cause to be kept the requisite books of account and accounting records.
- e. Assistant Secretary and Assistant Treasurer - The Assistant Secretary or, if more than one, the Assistant Secretaries in order of seniority, and the Assistant Treasurer or, if more than one, the Assistant Treasurers in order of seniority, shall respectively perform all the duties of the Secretary and the Treasurer, respectively, in the absence or inability or refusal to act of the Secretary or the Treasurer, as the case may be.
- f. Chief Executive Officer - The board of directors may from time to time appoint a Chief Executive Officer and may delegate to that person full power to manage and direct the business and affairs of the Corporation (except such matters and duties as by law must be transacted or performed by the board of directors and/or by the members) and to employ and discharge assistants, clerks, agents, representatives and employees of the Corporation or may delegate to that person any lesser authority. The Chief Executive Officer shall conform to all lawful orders given by the board of directors of the Corporation and shall at all reasonable times give to the directors or any of them all information they may require regarding the affairs of the Corporation.

FOR THE PROTECTION OF DIRECTORS AND OFFICERS

- 41. **For the Protection of Directors and Officers** - Except as otherwise provided in the Act no director or officer for the time being of the Corporation shall be liable for the acts, receipts, neglects or defaults of any other director or officer or employee or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by the Corporation or for or on behalf of the Corporation or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Corporation shall be placed out or invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person including any person with whom any moneys, securities or effects shall be lodged or deposited or for any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any moneys, securities or other assets belonging to the Corporation or for any other loss, damage or misfortune whatever which may happen in the execution of the duties of the director's or officer's respective office or trust or in relation thereto unless the same shall happen by or through the director's or officer's own wilful neglect or default.

INDEMNITIES TO DIRECTORS AND OTHERS

- 42. **Indemnities to Directors and Others** - Every director or officer of the Corporation or other person who has undertaken or is about to undertake any liability on behalf of the Corporation or any corporation controlled by it and their heirs, executors, trustees and administrators, and estate and effects, respectively, shall from time to time and at all times, be indemnified and saved harmless out of the funds of the Corporation, from and against;
 - a. all costs, charges and expenses whatsoever which such director, officer or other person

sustains or incurs in or about any action, suit or proceeding that is brought, commenced or prosecuted against the director, officer or other person for or in respect of any act, deed matter or thing whatever, made, done or permitted by them, in or about the execution of the duties of such office or in respect of any such liability; and

- b. all other costs, charges and expenses which the director, officer or other person sustains or incurs in or about or in relation to the affairs thereof, except such costs, charges or expenses as are occasioned by their own wilful neglect or default.

The Corporation shall also indemnify any such person in such other circumstances as the Act or law permit or requires. Nothing in this By-law shall limit the right of any person entitled to indemnity to claim indemnity apart from the provisions of this By-law to the extent permitted by the Act or law.

INTERESTED DIRECTOR CONTRACTS

43. **Conflict of Interest** - A director who is in any way directly or indirectly interested in a contract or proposed contract with the Corporation shall make the disclosure required by the Act. Except as provided by the Act, no such director shall vote on any resolution to approve any such contract. In supplement of and not by way of limitation upon any rights conferred upon directors by section 71 of the Act and specifically subject to the provisions contained in that section, it is declared that no director shall be disqualified by any such office from, or vacate any such office by reason of, holding any office or place of profit under the Corporation or under any corporation in which the Corporation shall be a shareholder or by reason of being otherwise in any way directly or indirectly interested or contracting with the Corporation as vendor, purchaser or otherwise or being concerned in any contract or arrangement made or proposed to be entered into with the Corporation in which the director is in any way directly or indirectly interested as vendor, purchaser or otherwise. Subject to compliance with the Act, no contract or arrangement entered into by or on behalf of the Corporation in which any director shall be in any way directly or indirectly interested shall be voided or voidable and no director shall be liable to account to the Corporation or any of its members or creditors for any profit realized by or from any such contract or arrangement by reason of any fiduciary relationship.
44. **Submission of Contracts or Transactions to Members for Approval** - The board of directors in its discretion may submit any contract, act or transaction with the Corporation for approval or ratification at any annual meeting of the members or at any general meeting of the members called for the purpose of considering the same and, subject to the provisions of Section 71 of the Act, any such contract, act or transaction that shall be approved or ratified or confirmed by a resolution passed by a majority of the votes cast at any such meeting (unless any different or additional requirement is imposed by the Act or by the Letters Patent) shall be as valid and as binding upon the Corporation and upon all the members as though it had been approved, ratified or confirmed by every member of the Corporation.

MEMBERS

45. **Members** - There shall be two (2) classes of members in the Corporation, namely, Dealer members and Director members, and shall be admitted into membership in the Corporation in accordance with the provisions of the By-laws and the rules for membership in the Corporation which have been approved by resolution of the board of directors of the Corporation.

46. **Dealer Members** - A Dealer member shall:
- a. be a Registrant in good standing in all respects which has been admitted into membership by the Secretary in accordance with the rules of membership in the Corporation; and
 - b. be entitled to receive notice of, attend and vote at all meetings of members and each Dealer member will be entitled to one (1) vote per member or such other number of votes as shall be determined in accordance with the rules for membership in the Corporation.
47. **Director Members** - A Director member shall:
- a. be a director of the Corporation; and
 - b. shall be entitled to receive notice of and attend all meetings of members, provided he shall have no vote thereat.
48. **Termination of Membership** - The interest of a member in the Corporation is not transferable and lapses and ceases to exist:
- a. upon death or dissolution of the member;
 - b. when the member's period of membership expires (if any);
 - c. in respect of a Director member, when such member ceases to be a director for any reason whatsoever;
 - d. when the member's registration under the MVD Legislation either:
 - i. expires and is not renewed for any reasons whatsoever; or
 - ii. is revoked for any reason whatsoever; or
 - iii. is voluntarily terminated by the member; or
 - iv. is suspended for any reason whatsoever, provided that such suspended member shall be reinstated once such suspension has expired and such member has satisfied all other conditions attached to such reinstatement.
49. **Registration and Other Fees** - Members shall be notified in writing of the registration or other fees at any time payable by them in respect of either their registration under the MVD Legislation and, if any such fees are not paid when due, as the case may be, the members in default shall thereupon cease to be members of the Corporation.
50. **Membership Cards and Certificates** - The Corporation may from time to time issue to its members such cards, certificates and other forms of identification, in such form, as the board of directors may from time to time approve by resolution.

MEMBERS' MEETINGS

51. **Annual Meeting** - Subject to compliance with ~~section 29~~ section 293 of the Act, the annual meeting of the members shall be held on such day in each year and at such time as the directors may by resolution determine at any place within Ontario or, in the absence of such determination, at the place where the head office of the Corporation is located, for the purpose of:
- a. hearing and receiving the reports and statements required by the Act to be read at and laid before the members at an annual meeting, including, without limitation, the Corporation's annual report;
 - b. electing such directors as are to be elected at such annual meeting;
 - c. appointing the auditor and fixing or authorizing the board of directors to fix the remuneration therefor; and
 - d. transacting any other business properly brought before the meeting.
52. **General Meetings** - Other meetings of the members may be convened by order of the President or a Vice-President who is a director and member or by the board of directors at any date and time and at any place within Ontario or, in the absence of such determination, at the place where the head office of the Corporation is located. The board of directors shall call a general meeting of members on written requisition of not less than one-tenth of the members.
53. **Notice** - Thirty (30) days' written notice shall be given in the manner specified in paragraph 66 to each member of any annual or general meeting of members. Notice of any meeting where special business will be transacted should contain sufficient information to permit the member to form a reasoned judgment on the decision to be taken. Reasonable efforts will also be made to provide the general public with notice of the time, place and date of any annual meeting of the members of the Corporation.
54. **Waiver of Notice** - A member and any other person entitled to attend a meeting of members may in any manner waive notice of a meeting of members and attendance of any such person at a meeting of members shall constitute a waiver of notice of the meeting except where such person attends a meeting for the express purposes of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.
55. **Error or Omission in Giving Notice** - No error or omission in giving notice of any annual or general meeting or any adjourned meeting of the members of the Corporation shall invalidate any resolution passed or any proceedings taken at any meeting of members.
56. **Quorum** - A quorum at any meeting of the members (unless a greater number of members and/or proxies are required to be present by the Act, the Letters Patent or a By-law) shall be persons present being not less than two in number and being or representing by proxy not less than two members. No business shall be transacted at any meeting unless the requisite quorum be present at the time of the transaction of such business. If a quorum is not present at the time appointed for a meeting of members or within such reasonable time thereafter as the members present may determine, the persons present and entitled to vote may adjourn the meeting to a fixed time and place but may not

transact any other business and no notice of such adjournment need be given to the members.

57. **Chairperson of the Meeting** - In the event that the President is absent and there is no Vice-President present who is a director and a member, the persons who are present and entitled to vote shall choose another director as chairperson of the meeting and if no director is present or if all the directors present decline to take the chair then the persons who are present and entitled to vote shall choose one of their number to be chairperson.
58. **Adjournment** - The chairperson of any meeting may with the consent of the meeting adjourn the same from time to time to a fixed time and place and no notice of such adjournment need be given to the members. Any business may be brought before or dealt with at any adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same.
59. **Voting of Members** - Every question submitted to any meeting of members shall be decided in the first instance on a show of hands by a majority of votes unless otherwise specifically provided by the Act or by these By-laws. In the case of an equality of votes the chairperson of the meeting shall both on a show of hands and at a poll have a second or casting vote in addition to the vote or votes to which the chairperson may be otherwise entitled.

No member shall be entitled either in person or by proxy to vote at meetings of members of the Corporation unless the member has paid all registration or other fees, if any, then payable by the member to the Corporation.

At any meeting unless a poll is demanded a declaration by the chairperson of the meeting that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact.

A poll may be demanded either before or after any vote by show of hands by any person entitled to vote at the meeting. If at any meeting a poll is demanded on the election of a chairperson or on the question of adjournment it shall be taken forthwith without adjournment. If at any meeting a poll is demanded on any other question or as to the election of directors, the vote shall be taken by ballot in such manner and either at once, later in the meeting or after adjournment as the chairperson of the meeting directs. The result of a poll shall be deemed to be the resolution of the meeting at which the poll was demanded. A demand for a poll may be withdrawn.

60. **Proxies** - Votes at meetings of the members may be given either personally or by proxy or, in the case of a member who is a body corporate or association, by an individual authorized by a resolution of the board of directors or governing body of the body corporate or association to represent it at meetings of members of the Corporation. At every meeting at which a member is entitled to vote, every member and/or person appointed by proxy to represent one or more members and/or individual so authorized to represent a member who is present in person shall have one vote on a show of hands. Upon a poll and subject to the provisions, if any, of the Letters Patent, every member who is entitled to vote at the meeting and who is present in person or represented by an individual so authorized shall have one vote and every person appointed by proxy shall have one vote for each member who is entitled to vote at the meeting and who is represented by such proxyholder.

A proxy shall be in writing, shall be executed by the member entitled to vote or the member's

attorney authorized in writing or, if the member is a body corporate or association, by an officer or attorney thereof duly authorized and ceases to be valid one (1) year from its date. A proxy which is lodged by a member with the Corporation or any authorized agent of the Corporation and has not been dated shall be deemed to bear the date on which it is mailed by the Corporation to the member.

A proxy may be in the following form or in such other form as the board of directors may from time to time prescribe by resolution :

"The undersigned member of Ontario Motor Vehicle Industry Council hereby appoints [] of [] or failing the person appointed above, [] of [], as the proxy of the undersigned to attend and act at the [] meeting of the members of the said Corporation to be held on the [] day of [], 19[], and at any adjournment or adjournments thereof in the same manner, to the same extent and with the same power as if the undersigned were present at the said meeting or such adjournment or adjournments thereof. The undersigned hereby revokes any proxy or proxies bearing a date earlier than the date hereof given to attend and act at such meeting.

DATED this [] day of [], 19[].

Signature of member"

In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the member or by the member's attorney authorized in writing or, if the member is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, and deposited either at the head office of the Corporation at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used or with the chairperson of such meeting on the day of the meeting, or any adjournment thereof, and upon either of such deposits the proxy is revoked.

The directors may from time to time:

- a. by resolution fix a time not exceeding forty eight (48) hours, excluding Saturdays and holidays, preceding any meeting or adjourned meeting of members before which time proxies to be used at that meeting must be deposited with the Corporation or an agent thereof; and
- b. make regulations regarding the lodging of proxies at some place or places other than the place at which a meeting or adjourned meeting of members is to be held and for particulars of such proxies to be cabled or telegraphed or sent by facsimile or in writing before the meeting or adjourned meeting to the Corporation or any agent of the Corporation for the purpose of receiving such particulars and providing that proxies so lodged may be voted upon as though the proxies themselves were produced at the meeting or adjourned meeting and votes given in accordance with such regulations shall be valid and shall be counted. The chairperson of any meeting of members may, subject to any regulations made as aforesaid, in the chairperson's discretion accept telegraphic or cable or facsimile or written communication as to the authority of any person claiming to vote on behalf of and to represent a member notwithstanding that no proxy conferring such authority has been lodged

with the Corporation, and any votes given in accordance with such telegraphic or cable or facsimile or written communication accepted by the chairperson of the meeting shall be valid and shall be counted.

61. **Persons Entitled to be Present** - The persons entitled to be present at a meeting of the members shall be those entitled to vote thereat, being Dealer members, the directors and auditors of the Corporation and others who, although not entitled to vote, are entitled or required under any provision of the Act, the Letters Patent, the By-laws or the Administrative Agreement to be present at the meeting. Any other person or persons may be admitted as determined from time to time by the board of directors or on the invitation of the chairperson of the meeting or with the consent of the meeting.
62. **Rules of Order** - All meetings of the members of the Corporation shall be conducted in accordance with the rules of order set out in Robert's Rules of Order, as revised, amended or supplemented from time to time, provided that if any such rule of order conflicts with the provision of the Act, the Letters Patent or the By-laws, the provision set out in the Act, the Letters Patent or the By-laws shall govern and prevail.

EXECUTION OF INSTRUMENTS

63. **Execution of Instruments** - Contracts, documents or instruments in writing requiring the signature of the Corporation may be signed by the President and any other officer or director of the Corporation or by any two directors and all contracts, documents and instruments in writing so signed shall be binding upon the Corporation without any further authorization or formality. The board of directors shall have power from time to time by resolution to appoint any officer or officers or any person or persons on behalf of the Corporation either to sign contracts, documents and instruments in writing generally or to sign specific contracts, documents or instruments in writing.

The term "contracts, documents or instruments in writing" as used in this By-law shall include but not be limited to deeds, mortgages, hypothecs, charges, conveyances, transfers and assignments of property, real or personal, immovable or movable, agreements, releases, receipts and discharges for the payment of money or other obligations, conveyances, transfers and assignments of shares, share warrants, stocks, bonds, debentures or other securities and all paper writings.

The seal of the Corporation when required may be affixed to any instruments in writing signed as aforesaid or by any officer or officers appointed by resolution of the board of directors.

BANKING ARRANGEMENTS

64. **Board Designate Bankers** - The board of directors shall designate, by resolution, the officers and other persons authorized to transact the banking business of the Corporation, or any part thereof, with the bank, trust company, or other corporation carrying on a banking business that the board of directors has designated as the Corporation's banker, to have the authority set out in the resolution, including, unless otherwise restricted, the power to:
- a. operate the Corporation's accounts with the banker;
 - b. make, sign, draw, accept, endorse, negotiate, lodge, deposit or transfer any of the cheques,

promissory notes, drafts, acceptances, bills of exchange and orders for the payment of money;

- c. issue receipts for and orders relating to any property of the Corporation;
 - d. execute any agreement relating to any banking business and defining the rights and powers of the parties thereto; and
 - e. authorize any officer of the banker to do any act or thing on the Corporation's behalf to facilitate the banking business.
65. **Deposit of Securities** - The securities of the Corporation shall be deposited for safekeeping with one or more bankers, trust companies or other financial institutions to be selected by the board of directors. Any and all securities so deposited may be withdrawn, from time to time, only upon the written order of the Corporation signed by such officer or officers, agent or agents of the Corporation, and in such manner, as shall from time to time be determined by resolution of the board of directors and such authority may be general or confined to specific instances. The institutions which may be so selected as custodians by the board of directors shall be fully protected in acting in accordance with the directions of the board of directors and shall in no event be liable for the due application of the securities so withdrawn from deposit or the proceeds thereof.

NOTICES

66. **Service** - Any notice or other document required by the Act, the Regulations, the Letters Patent, or the By-laws to be sent to any member or director or to the auditor shall be delivered personally or sent by email, prepaid mail or by telegram or cable or facsimile to any such member or director at their latest address as shown in the records of the Corporation and to the auditor at its business address, or if no address be given therein then to the last address of such member or director known to the Secretary; provided always that notice may be waived or the time for the notice may be waived or abridged at any time with the consent in writing of the person entitled thereto.
67. **Signature to Notices** - The signature of any director or officer of the Corporation to any notice or document to be given by the Corporation may be written, stamped, typewritten or printed or partly written, stamped, typewritten or printed.
68. **Computation of Time** - Where a given number of days' notice or notice extending over a period is required to be given under the By-laws, Letters Patent or supplementary letters patent of the Corporation, the day of service or posting of the notice shall not, unless it is otherwise provided, be counted in such number of days or other period.
69. **Proof of Service** - With respect to every notice or other document sent by post it shall be sufficient to prove that the envelope or wrapper containing the notice or other document was properly addressed as provided in paragraph 66 of this By-law and put into a Post Office or into a letter box. A certificate of an officer of the Corporation in office at the time of the making of the certificate as to facts in relation to the sending or delivery of any notice or other document to any member, director, officer or auditor or publication of any notice or other document shall be conclusive evidence thereof and shall be binding on every member, director, officer or auditor of the Corporation as the case may

be.

AUDITORS

70. **Auditors** - The members shall at each annual meeting appoint an auditor to audit the accounts of the Corporation for report to members who shall hold office until the next following annual meeting; provided, however, that the directors may fill any casual vacancy in the office of the auditor. If an appointment is not so made, the auditor in office must continue until a successor is appointed. The remuneration of the auditor shall be fixed by the members or by the directors if they are authorized to do so by the members and the remuneration of an auditor appointed by the directors shall be fixed by the directors. The members may by resolution passed by at least two-thirds of the votes cast at a meeting of which notice of intention to pass the resolution has been given, remove any auditor before the expiration of the auditor's term of office and shall by a majority of the votes cast at that meeting appoint another auditor in such auditor's stead for the remainder of the term. Notwithstanding the foregoing, if the board of directors determines at any time that the auditor is either improperly or inadequately performing its duties, the directors may, by resolution, remove such auditor before the expiration of the auditor's term of office and appoint another auditor in such auditor's stead for the remainder of the term.

FINANCIAL YEAR

71. **Financial Year** - The financial year of the Corporation shall terminate on the 31st day of December in each year or on such other date as the directors may from time to time by resolution determine.

DISSOLUTION

72. **Not For Profit** - The Corporation shall be carried on without purpose of gain for its members, and any profits or other accretions to the Corporation shall be used in promoting the Corporation's objects.
73. **Dissolution** - Should the Corporation be dissolved or terminated or for any reason whatsoever surrender its charter, its remaining assets and property, after payment of or provision for all of the debts, liabilities and obligations of the Corporation, shall be distributed:
- a. to any successor Administrative Authority approved by the Minister; or
 - b. if there is no successor Administrative Authority, to a not-for-profit corporation approved by the Minister with similar or compatible objects and whose objects are beneficial to the community.

AMENDMENT OF BY-LAWS

74. **Enactment** - By-laws of the Corporation may be enacted, repealed, amended, altered, added to or re-enacted in the manner contemplated in, and subject to the provisions of, the Act.

EFFECTIVE DATE

75. **Effective on Passing** - This By-law shall come into force without further formality upon its

enactment.

CODE OF ETHICS AND STANDARDS OF BUSINESS PRACTICE

- 76. **Definitions** - For purposes of this by-law, capitalized terms used herein shall have the meaning provided for in paragraph 3 of General By-law No. 1 of the Corporation, unless the context otherwise specifies or requires.
- 77. **Code of Ethics** - The Code of Ethics attached hereto as Schedule "A" (the "Code of Ethics") to this By-law is hereby enacted as the minimum standards of business conduct required to be observed and at all times complied with by the Members.
- 78. **Standards of Business Practice** - The Board of Directors of the Corporation may, by resolution, develop, enact, approve and, from time to time, add to, alter, amend and/or repeal, Standards of Business Practice (the "Standards") which will be based on and illustrate the Code of Ethics.
- 79. **Compliance by Members** - Members at all times observe and comply with the by-laws of the Corporation, the Code of Ethics as illustrated by the Standards. A Member's conduct that does not comply with such by-laws, or the Code of Ethics as illustrated by the Standards shall be considered grounds for discipline of such Member by the Corporation. All members are subject to the Discipline Process and may be subject to such consequences as approved by the Board of Directors and recommended by a Remedial Panel or ordered by a Discipline Panel of the Discipline Committee.
- 80. **Discipline Process** - The Board of Directors of the Corporation may, by resolution, develop, enact, approve and, from time to time, add to, alter, amend and/or repeal, a process (the "Discipline Process") which is to be followed by the Corporation in connection with the disciplining of any Member whose conduct does not comply with the by-laws of the Corporation, or the Code of Ethics as illustrated by the Standards.

ENACTED AND RESTATED this 20th day of June, 2001.

WITNESS the seal of the Corporation.

President

Secretary

SCHEDULE "A"

OMVIC

Code of Ethics

The Ontario Motor Vehicle Industry Council (OMVIC)

is the self-management body of Ontario's registered motor vehicle dealers. Our Code of Ethics applies to our interaction with consumers, employees, suppliers, competitors, government and all others with whom we have business relationships. Each OMVIC member embraces the demanding standards detailed in this Code and agrees to adhere to its language and intent.

Through this Code of Ethics, we pledge to:

- 1 Integrity Conduct our activities with honesty, fairness and fiscal responsibility.
- 2 Disclosure Communicate all material facts, and ensure our products and services are fully understood.
- 3 Marketing Guard against using any form of misleading advertising or innuendo in marketing our products and services.
- 4 Accountability Fulfill all contractual obligations promptly and completely, and resolve legitimate claims without delay.
- 5 Compliance Abide by all applicable laws and regulations and never knowingly do business with those operating outside these laws.
- 6 Competition Ensure fair and open competition, and refrain from unjustly attacking competitors, their products and services, or their business methods.
- 7 Professionalism Enhance our professional knowledge, skills and competencies throughout our careers.
- 8 Respect Treat all people with equality and respect, regardless of gender, age, race or religion.
- 9 Confidentiality Hold all personal and financial information we receive in the strictest confidence.
- 10 Environment Remain committed to a healthy coexistence with our environment.