

BY-LAW NO. 1

A by-law relating generally to the conduct
of the affairs of

THE SCOTTISH CLANS OF CANADA EDUCATION FUND (the "Corporation")

be it enacted as a bylaw of the corporation as follows:

CORPORATE SEAL

1. The seal, an impression whereof is stamped in the margin hereof, shall be the seal of the corporation

HEAD OFFICE

2. The head office of the Corporation shall be situated in the place or municipality and the province specified in the Letters Patent, at such address as the board may, by resolution, determine. Subject to the Act, the Corporation may, by a by-law, change the place or municipality and the province in which the registered office of the Corporation shall be situated. A copy of the by-law approved by two-thirds (2/3) of the votes cast in favor of the by-law shall be filed with the Minister.

CONDITIONS OF MEMBERSHIP

3. Membership in the corporation shall be limited to persons interested in furthering the objects of the corporation and shall consist of anyone whose application for admission as a member has received the approval of the board of directors of the corporation.
4. There shall be no membership fees or dues unless otherwise directed by the board of directors.
5. Any member may withdraw from the corporation by delivering to the corporation a written resignation and lodging a copy of the same with the secretary of the corporation.
6. Any member may be required to resign by a vote of three-quarters (3/4) of the members at an annual meeting or special meeting.

MEMBERS' MEETINGS

7. The annual or any other general meeting of the members shall be held at the head office of the corporation or at any place in Canada as the board of directors may determine and on such day

as the said directors shall appoint. The members may resolve that a particular meeting of members be held outside of Canada.

8. The annual or any other general meeting of the members may be held by teleconference, or any other electronic means that permits members to communicate adequately with each other.
9. The members of the Corporation may meet by teleconference provided that either a majority of the members consents to meeting by teleconference or have been approved by resolution passed by the members at a meeting of the members of the Corporation.
10. The members of the Corporation may meet by other electronic means that permits each member to communicate adequately with each other, provided that:
 - a. The members of the Corporation have passed a resolution addressing the mechanics of holding such a meeting and dealing specifically with the procedures for establishing quorum, and recording votes;
 - b. Each member has equal access to the specific means of communication to be used;
 - c. Each member has consented in advance to meeting by electronic means using the specific means of communication proposed for the meeting.
11. At every annual meeting, in addition to any other business that may be transacted, the financial statements and the report of the auditors shall be presented and the auditors appointed for the ensuing year. The members may consider and transact any business either special or general at any meeting of the members. The board of directors or the president or vice-president shall have the power to call, at any time, a general meeting of the members of the corporation. The board of directors shall call a special general meeting of members on written requisition of members carrying not less than five percent (5%) of the voting rights. Ten members present in person [or represented by proxy] at a meeting will constitute a quorum.
12. Fourteen (14) days' written notice shall be given to each voting member of any annual or special general meeting of members. Notice of any meeting where special business will be transacted shall contain sufficient information to permit the member to form a reasoned judgment on the decision to be taken. Notice of each meeting of members must remind the member if the member has the right to vote by proxy. Each voting member present at a meeting shall have the right to exercise one vote. A member may, by means of a written proxy, appoint a proxyholder to attend and act at a specific meeting of members, in the manner and to the extent authorized by the proxy. A proxyholder must be a member of the corporation.

13. A majority of the votes cast by the members present and carrying voting rights shall determine the question in meetings except where the vote or consent of a greater number of members is required by the Act or these by-laws.
14. No error or omission in giving notice of any annual or general meeting or any adjourned meeting, whether annual or general, of the members of the corporation shall invalidate such meeting or make void any proceeding taken thereat and any member may at any time waive notice of any such meeting and may ratify, approve and confirm any or all proceedings taken or had thereat. For the purpose of sending notice to any member, director or officer for any meeting or otherwise, the address of the member, director or officer shall be his last address recorded on the books of the corporation.

BOARD OF DIRECTORS

15. The property and business of the corporation shall be managed by a board of directors, comprised of a minimum of three (3) directors. The number of directors shall be determined from time to time by a majority of the directors at a meeting of the board of directors and sanctioned by an affirmative vote of at least two-thirds (2/3) of the votes cast in favor of the resolution at a meeting of the members duly called for the purpose of determining the number of directors to be elected to the board of directors. Directors must be individuals, 18 years of age, with power under law to contract. Directors must be members.
16. The applicants for incorporation shall become the first directors of the corporation whose term of office on the board of directors shall continue until their successors are elected.

At the first meeting of members, the board of directors then elected shall replace the provisional directors named in the Letters Patent of the corporation.

17. Directors shall be elected for a term of three (3) years by the members at an annual meeting of members. Directors may serve for a maximum of three consecutive terms. A director may be elected for further terms following an absence of one term.
18. The office of director shall be automatically vacated:
 - a. if at a special general meeting of members, a resolution is passed by three-quarters (3/4) majority of the votes cast infavor of the removal of the director;
 - b. if a director has resigned his office by delivering a written resignation to the secretary of the corporation;
 - c. if he is found by a court to be of unsound mind;

- d. if he becomes bankrupt or suspends payment or compounds with his creditors;
- e. on death;

provided that if any vacancy shall occur for any reason in this paragraph contained, the board of directors by majority vote, by appointment, fill the vacancy with a member of the corporation.

- 19. The directors shall serve as such without remuneration and no director shall directly or indirectly receive any profit from his position as such; provided that a director may be paid reasonable expenses incurred by him in the performance of his duties. Nothing herein contained shall be construed to preclude any director from serving the corporation as an officer or in any other capacity and receiving compensation therefor.
- 20. A retiring director shall remain in office until the dissolution or adjournment of the meeting at which his retirement is accepted and his successor is elected.

POWERS OF DIRECTORS

- 21. The 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 charter or otherwise authorized to exercise and do.
- 22. The 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 to employees. The directors shall have the power to enter into a trust arrangement with a trust company for the purpose of creating a trust fund in which the capital and interest may be made available for the benefit of promoting the interest of the corporation in accordance with such terms as the board of directors may prescribe.

The board of directors is hereby authorizes, from time to time

- a. to borrow money upon The credit of the corporation, from any bank, corporation, firm or person, upon such terms, covenants and conditions at such times, in such sums, to such an extent and in such manner as the board of directors in its discretion may deem expedient;
- b. to limit or increase the amount to be borrowed;
- c. to issue or cause to be issued bonds, debentures or other securities of the corporation and to pledge or sell the same for such sums, upon such terms, covenants and conditions and at such prices as may be deemed expedient by the board of directors;

- d. to secure any such bond, debentures or other securities, or any other present or future borrowing or liability of the corporation, by mortgage, hypothec, charge or pledge of all or any currently owned or subsequently acquired real and personal, movable and immovable, property of the corporation, and the undertaking and rights of the corporation.
23. The board of directors shall take such steps as they may deem requisite to enable the corporation to acquire, accept, solicit or receive legacies, gifts, grants, settlements, bequests, endowments and donations of any kind whatsoever for the purpose of furthering the objects of the corporation.
24. The board of directors may appoint such agents 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 each appointment.
25. Remuneration for all officers, agents and employees and committee members shall be fixed by the board of directors by resolution.

DIRECTORS' MEETINGS

26. Meetings of the board of directors may be held at any time and place to be determined by the directors provided that 48 hours written notice of such meeting shall be given, other than by mail, to each director. Notice by mail shall be sent at least 14 days prior to the meeting. There shall be at least one (1) meeting per year of the board of directors. No error or omission in giving notice of any meeting of the board of directors or any adjourned meeting of the board of directors of the corporation shall invalidate such meeting or make void any proceedings taken thereat and any director may at any time waive notice of any such meeting and may ratify, approve and confirm any or all proceedings taken or had thereat. Each director is authorized to exercise one (1) vote.
27. A majority of directors in office, from time to time, but no less than two directors, shall constitute a quorum for meetings of the board of directors. Any meeting of the board of directors at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the by-laws of the corporation.

INDEMNITIES TO DIRECTORS AND OTHERS

28. Every director of the corporation and their heirs, executors 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 which such director, sustains or incurs in or about any action, suit or proceedings which is brought, commenced or prosecuted against him, or in respect of any act, deed, matter of thing whatsoever, made, done or permitted by him, in or about the execution of the duties of his office or in respect of any such liability;
- b. all other costs, charges and expenses which he sustains or incurs in or about or in relation to the affairs thereof, except such costs, charges or expenses as are occasioned by his own willful neglect or default.

OFFICERS

29. The officers of the corporation shall be a president, vice-president, secretary and treasurer and any such other officers as the board of directors may by by-law determine. Any two offices may be held by the same person. Officers must be members.
30. Officers of the corporation shall be appointed by resolution of the board of directors at the first meeting of the board of directors following an annual meeting of members.
31. The officers of the corporation shall hold office for five years from the date of appointment or election or until their successors are elected or appointed in their stead. Officers shall be subject to removal by resolution of the board of directors at any time.

DUTIES OF OFFICERS

32. The president shall be the chief executive officer of the corporation. He shall preside at all meetings of the corporation and of the board of directors. He shall have the general and active management of the affairs of the corporation. He shall see that all orders and resolutions of the board of directors are carried into effect.
33. The vice-president shall, in the absence or disability of the president, perform the duties and exercise the powers of the president and shall perform such other duties as shall from time to time be imposed upon him by the board of directors.
34. The treasurer shall have the custody of the funds and securities of the corporation and shall keep full and accurate accounts of all assets, liabilities, receipts and disbursements of the corporation in the books belonging to the corporation and shall deposit all monies, securities and other valuable effects in the name and to the credit of the corporation in such chartered bank or trust company, or, in the case of securities, in such registered dealer in securities as may be designated by the board of directors from time to time. He shall disburse the funds of the corporation as may be directed by proper authority taking proper vouchers for such disbursements, and shall render to the president and directors at the regular meeting of the board of directors, or whenever they may require it, an accounting of all the transactions and a

statement of the financial position, of the corporation. He shall also perform such other duties as may from time to time be directed by the board of directors.

35. The secretary, when in attendance, shall attend all meetings and act as clerk thereof and record all votes and minutes of all proceedings in the books to be kept for that purpose. The secretary shall give or cause to be given notice of all meetings of the members and of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision the secretary shall be. The secretary shall be the custodian of the seal of the corporation.
36. The duties of all other officers of the corporation shall be such as the terms of their engagement call for or the board of directors requires of them.

COMMITTEES

37. The board of directors may appoint committees whose members will hold their offices at the will of the board of directors. The directors shall determine the duties of such committees and may fix by resolution, any remuneration to be paid.

EXECUTIVE COMMITTEE

38. There shall be an executive committee composed of three (3) directors who shall be appointed by the board of directors. The executive committee shall exercise such powers as are authorized by the board of directors. Any executive committee member may be removed by a majority vote of the board of directors. Executive committee members shall receive no remuneration for serving as such, but are entitled to reasonable expenses incurred in the exercise of their duty.
39. Meetings of the executive committee shall be held at any time and place to be determined by the members of such committee provided that forty-eight (48) hours written notice of such meeting shall be given, other than by mail, to each member of the committee. Notice by mail shall be sent at least 14 days prior to the meeting. Sixty-seven percent (67%) of members of such committee shall constitute a quorum. No error or omission in giving notice of any meeting of the executive committee or any adjourned meeting of the executive committee of the corporation shall invalidate such meeting or make void any proceedings taken thereat and any member of such committee may at any time waive notice of any such meeting and may ratify, approve and confirm any or all proceedings taken or had thereat.

EXECUTION OF DOCUMENTS

40. Contracts, documents or any instruments in writing requiring the signature of the corporation shall be signed by any two officers and all contracts, documents and instruments in writing so signed shall be binding upon the corporation without any further authorization or formality. The

directors shall have power from time to time by resolution to appoint an officer or officers on behalf of the corporation to sign specific contracts, documents and instruments in writing. The directors may give the corporation's power of attorney to any registered dealer in securities for the purposes of the transferring of and dealing with any stocks, bonds, and other securities of the corporation. The seal of the corporation when required may be affixed to contracts, documents and instruments in writing signed as aforesaid or by any officer or officers appointed by resolution of the board of directors.

MINUTES OF BOARD OF DIRECTORS (AND EXECUTIVE COMMITTEE)

41. The minutes of the board of directors (or the minutes of the executive committee) shall not be available to the general membership of the corporation but shall be available to the board of directors, each of whom shall receive a copy of such minutes.

FINANCIAL YEAR

42. The financial year of the corporation shall be determined by the board of directors.

AMENDMENT OF BY-LAWS

43. The by-laws of the corporation not embodied in the Letters Patent may be repealed or amended by by-law, or a new by-law relating to the requirements of subsection 155(2) of the *Canada Corporations Act*, may be enacted by a majority of the directors at a meeting of the board of directors and sanctioned by an affirmative vote of a least two-thirds (2/3) of the votes cast in favour of the by-law at a meeting of members duly called for the purpose of considering the said by-law, provided that the repeal or amendment of such by-laws shall not be enforced or acted upon until the approval of the Minister of Industry has been obtained.

AUDITORS

44. The members shall, at each annual meeting, appoint an auditor who is a Chartered Accountant to audit the accounts and annual financial statements of the corporation for report to the members at the next annual meeting. The auditor shall hold office until the next annual meeting provided that the directors may fill any casual vacancy in the office of the auditor. The remuneration of the auditor shall be fixed by the board of directors.

BOOKS AND RECORDS

45. The directors shall see that all necessary books and records of the corporation required by the by-laws of the corporation or by any applicable statute or law are regularly and properly kept.

RULES AND REGULATIONS

46. The board of directors may prescribe such rules and regulations not inconsistent with these by-laws relating to the management and operation of the corporation as they deem expedient, provided that such rules and regulations shall have force and effect only until the next annual meeting of the members of the corporation when they shall be confirmed , and failing such confirmation at such annual meeting of members, shall at and from that time cease to have any force and effect.

INTERPRETATIONS

47. In these by-laws and in all other by-laws of the corporation hereafter passed unless the context otherwise requires, words importing the singular number or the masculine gender shall include the plural number or the feminine gender, as the case may be, and vica versa, and references to persons shall include firms and corporations.