

REGULATION #1

1. Interpretation

This regulation shall be governed by and interpreted in accordance with the By-Laws.

2. Racing, Farm, Corporate or Stable Name

2.1 Racing, farm, corporate or stable names, hereinafter referred to as "Registered Stable Names", may be used by owners or lessees provided the names are first registered with the Association. No registration will be granted for a name that is the same as, or similar to one registered with the Association or the United States Trotting Association. A name, which is considered by the Association to be confusing, unbecoming to the sport, or which exceeds twenty-five (25) letters may be rejected or cancelled. A name shall be cancelled if the registered stable has no record of breeding or racing activity for a period of fifteen (15) years.

2.2 Application for registered stables shall include the names and addresses of each member thereof. Each member of a registered stable, other than a corporation or limited partnership, must be members in good standing of the Association. Where the registered stable is a corporation or a limited partnership, those involved who must be members in good standing of the Association are:

- (a) In the case of a corporation with less than ten (10) shareholders,
 - (i) every director and
 - (ii) every shareholder
- (b) In the case of a corporation with ten (10) or more shareholders, but less than fifty (50),
 - (i) every director and
 - (ii) every shareholder holding or controlling a certain number of shares giving him or her five (5) percent or more of the voting rights in the corporation;
- (c) In the case of a corporation with fifty (50) or more shareholders or which is registered with a Canadian stock exchange,
 - (i) every director or, where applicable, every member of the Executive Committee of the Board of Directors,
 - (ii) every person acting as chairman, secretary or holding a similar office,
 - (iii) the person responsible within the corporation for the activities for which the registration is required, and
 - (iv) every shareholder holding or controlling a certain number of shares giving him or her five (5) percent or more of the voting rights in the corporation;
- (d) In the case of a limited partnership,
 - (i) the general partner and where the general partner is a corporation or a general partnership, the persons covered by the foregoing provisions of this section, and the manager of the general partner or any person holding a similar office;
 - (ii) The foregoing provisions of this section do not apply with respect to any shareholder of a corporation, to a maximum of two shareholders per corporation, which is not otherwise in violation of this rule, if each of the one or two such shareholders
 - (i) legally hold shares in a corporation merely in order to meet the statutory requirements of the jurisdiction in which the corporation is incorporated and otherwise has no beneficial interest in the corporation, or
 - (ii) is not an active participant in the management of the affairs of the corporation, apart from being a director, or
 - (iii) holds less than one (1) percent of the issued and outstanding shares of the corporation.

2.3 Each member of a registered stable must sign a document designating a corresponding officer or officers. Corresponding officers must be members of the Association and must be at least 18 years of age. Only the signature of the corresponding officer or officers will be recognized for transfers of ownership of horses or other documents pertaining to the registered stable. Documents bearing the signature of the corresponding officer or officers will be considered binding upon the members of the registered stable.

3. Election of Directors

- (a) Ballots for the election of directors shall include the names of candidates for election, organized by Region and according to the category of membership from which each candidate is eligible to be elected. The names of candidates shall be listed alphabetically.
- (b) Each ballot shall have places opposite the names of the candidates in which voting members shall place a distinctive mark if voting for that candidate.
- (c) Each ballot shall have a place for the voting member to certify by his or her signature and membership number that the ballot has been properly completed and that only one ballot has been submitted by that voting member.
- (d) Ballots shall be sent to voting members at the address recorded with the Association by ordinary mail either as a separate mailing or included with a mailing of TROT Magazine.
- (e) Completed ballots may be returned to the Association by personal delivery, courier, ordinary or registered mail, or scanned electronically and sent by e-mail to the Association. Ballots returned by e-mail shall be printed by the Returning Officer and included with the other returned ballots.

- (f) The Corporate Secretary, or someone appointed by him/her shall act as the Returning Officer and shall supervise the conduct of the election. The Returning Officer shall keep all returned ballots in a secure place until the Election Day.
- (g) In the event that a member who is eligible to vote does not receive a ballot, the member may obtain a second ballot after providing the Returning Officer with a signed statement verifying that he or she did not receive the one which was originally sent.
- (h) The Returning Officer shall prepare an official voting list showing the names, membership numbers and addresses of each member eligible to vote in each Region. The Returning Officer shall note on the voters' list whether a member has returned a ballot for the election.
- (i) The official voting list, all statements delivered for the purpose of obtaining a second ballot, and all returned ballots shall be presented to scrutineers appointed to count the ballots on the day of the election.
- (j) The scrutineers shall reject any ballots which are not signed by the member voting or which are submitted by persons who cannot be identified.
- (k) Where voting in an election of directors is conducted at the same time as voting on a proposal to amend the By-Laws, the ballot in respect of the By-Law amendment may be part of the ballot for the election of Directors.

4. Procedure for Resignation & Replacement of Directors

- (a) Any Director wishing to resign as a Director, or as Chair or Vice-Chair, shall do so in writing directed to the Corporate Secretary. The resignation shall be effective when the resignation is formally received at the Head Office of the Association and accepted by the Chair of the Board.
- (b) Upon receipt of a resignation, the Corporate Secretary shall forthwith give notice of the resignation to all Directors and ask that Directors submit, within the next fifteen (15) days, the names of persons considered to be qualified to fill the vacancy.
- (c) The Chair, or, in the event of his or her resignation, the Vice-Chair, may call a meeting of the Board in a timely fashion for the purpose of filling the vacancy.
- (d) Upon the expiry of the fifteen (15) day period referred to in subparagraph (b), the Corporate Secretary shall send notice of the meeting or electronic voting procedure to all of the Directors. Included with the notice of meeting or electronic voting ballot shall be the names of all persons proposed by Directors to fill the vacancy.
- (e) The person receiving the most votes cast by the Directors at the meeting or via the electronic vote shall assume the vacant office or directorship, as the case may be, immediately upon delivering to the Corporate Secretary a written consent to do so.
- (f) The manner in which the Board meeting, if applicable, is to be conducted and the manner in which the votes are to be cast by the Directors at the meeting shall be determined by the Chair (or Vice-Chair).
- (g) In the event that the Chair, Vice-Chair or Chair of the Breeders Committee resigns as a Director, the Board shall first elect a replacement Director in accordance with the procedure as set out above. In the event that the Director who has been replaced was the Chair or Vice-Chair, a further meeting of the Board, at which the Director shall be entitled to participate, shall be held in a timely fashion for the purpose of appointing a new Chair or Vice-Chair. An electronic vote may also be conducted instead of a Board meeting. In the event that the Director who has been replaced was the Chair of the Breeders Committee, at which the new Director shall be entitled to participate, a meeting of the Breeders Committee shall be held in a timely fashion for the purpose of electing a new Chair of the Breeders Committee, or an electronic vote may be held to replace the Director.

5. Procedure for Resignation and Replacement of Members of the Audit & Governance Committee

- (a) The procedure set out in paragraph 4 above shall be followed with respect to the resignation and replacement of members of the Audit & Governance Committee.
- (b) In the event that the Chair of the Audit & Governance Committee resigns, a meeting of the Committee shall be convened in a timely fashion upon the appointment of a replacement member in order to elect a new Chair.

6. Procedure for Amendments of By-Laws

- (a) Proposed amendments must be submitted to the Corporate Secretary no later than September 15th of each election year.
- (b) The members shall vote on all proposals to amend the By-Laws in conjunction with the Election of Directors or at such other time as the Board may determine.
- (c) Each member entitled to vote shall be sent by ordinary mail, addressed to his last known address, at least 60 days prior to the date fixed for voting on the proposed amendment(s):
 - (i) a copy of the proposed amendments with a recommendation from the Board of support or non-support
 - (ii) a ballot permitting a vote "in favour" of, or "opposed" and
 - (iii) a return envelope on which a member shall, by his signature, certify that he has not submitted any other ballot with respect to the proposals.
- (d) The scrutineers shall count all ballots voting on proposed amendments. Ballots must be received by the Association no later than 11:00 AM on the date fixed for voting. All decisions of the scrutineers shall be final.
- (e) If a proposal to amend the By-Laws is approved by a majority of the members, the Corporate Secretary shall forthwith deliver a copy of the proposed amendment to the Minister of Agriculture for Canada. The proposed amendment is only effective upon approval by the Minister of Agriculture for Canada.

7. Budget Process

There shall be a process for budgeting the Association's affairs, each fiscal year, as follows:

- (a) The Executive Committee will review the Association's business and financial affairs and establish the priorities and philosophies, which will provide a framework for administration to prepare a budget.
- (b) Administration will develop a budget in accordance with the priorities and philosophies established by the Executive Committee.
- (c) The Executive Committee will meet to review the proposed budget and develop conditional approval of a budget that will be presented to the Audit & Governance Committee for review.
- (d) The Audit & Governance Committee will meet for the purpose of reviewing the budget, which has been given conditional approval by the Executive Committee, to review and ensure that the proposed budget is in accordance with the policies, regulations and By-Laws of the Association and, ultimately, develop a recommendation for approval of the budget to the Board of Directors.
- (e) Board of Directors to receive a draft submission of the proposed Annual Operating Budget a minimum of seven (7) days prior to the Board of Directors meeting.

8. Nominating Committee

The Association shall have a Nominating Committee with the following terms of reference:

- (a) Composition of the Committee shall be selected by the Board
- (b) Regional representation from across Canada
- (c) Meet as required, including the use of telephone conference calls
- (d) Brings forward recommendations to the Board for the positions of:
 - (i) Chair of the Board
 - (ii) Vice-Chair of the Board
 - (iii) Chair of the Breeders Committee
 - (iv) Members of the Executive Committee
 - (v) Members of the Audit & Governance Committee

9. Committee Composition

Special Committees of the Association, excluding the Sales Committee, shall have a maximum of five (5) members, which should include one (1) Director from each Region and the Chair as an "ex-officio" member.