

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
 - (ii) the manager of the general partner or any person holding a similar office;
- (e) 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) In the case of votes cast by mail, ballots shall consist of:
 - (i) a "Ballot Envelope" of such quality that the contents cannot be read if held up to ordinary light; and

- (ii) a "Voting Envelope" on which has been printed a certificate addressed to the Association in the following form: "I, (name, address) do hereby certify that I am presently residing at the address indicated. I have not submitted any other ballot for the election of directors to be held on (date)."

(Signature)

(SC Membership #)

If the vote is conducted electronically, a secure electronic verification procedure shall be utilized to certify that the member resides at the address recorded with the Association, the ballot has been properly completed and that only one ballot has been submitted by that voting member.

- (d) Ballots, or electronic voting procedure, shall be provided to voting members at the physical address recorded with the Association by ordinary mail either as a separate mailing or included with a mailing of TROT Magazine or by notification on the official website or by notification via electronic mail.
- (e) Completed mail ballots may be returned to the Association by personal delivery, courier, ordinary or registered mail, or via an electronic voting method as approved by the Board.
- (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 or instructions for voting, the member may obtain a second ballot after providing the Returning Officer with a written statement verifying that he did not receive the one which was originally provided.
- (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 tabulate the votes on the day of the election.
- (j) The scrutineers shall reject any ballots which are not certified 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.
- (c) Upon a Director ceasing to hold office for any reason under By-Law #1 – 4.5, the Corporate Secretary shall request that Directors from the region in which the position is vacant, to submit within the next 14 days, the names of persons considered to be qualified to fill the vacancy. If no nominations are received from the regional Directors, the Corporate Secretary shall open up nominations from the full Board for an additional 14 days.
- (d) The Chair or, in the event of him ceasing to hold office, the Vice-Chair may call a meeting of the Board or, if a meeting is not scheduled within one (1) month, a vote via electronic means for the purpose of filling the vacancy.
- (e) Upon the expiry of the 14 day period referred to in subparagraph (c), 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.
- (f) The person receiving the most votes cast by Directors shall assume the vacant office or directorship, as the case may be, immediately upon providing to the Corporate Secretary a written consent to do so.
- (g) The manner in which the Board meeting or electronic vote is to be conducted and the manner in which the votes are to be cast by the Directors shall be determined by the Chair (or Vice-Chair).
- (h) In the event that the Chair, Vice-Chair or Chair of the Breeders Committee ceases to hold office, 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, or an electronic vote, shall be held in a timely fashion for the purpose of appointing a new Chair or Vice-Chair. 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 or conference call of the Breeders Committee shall be held in a timely fashion for the purpose of electing a new Chair of the Breeders Committee.

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

- (b) In the event that the Chair of the Audit Committee ceases to serve on the committee, 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, or electronically at least 30 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 or electronic voting procedure permitting a vote "in favour" of or "opposed"
 - (iii) a return envelope on which a member shall, by his signature, or in the case of electronic voting, a secure verification method to certify that he has not submitted any other ballot with respect to the proposals
- (d) The scrutineers shall count all ballots and votes cast electronically. Ballots and votes cast electronically must be received by the Association no later than 11:00 AM on the date fixed for voting on proposed amendments. 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 submit 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 Strategic Planning and Process 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 Strategic Planning and Process Committee.
- (c) The Audit Committee will meet for the purpose of reviewing the budget to review and ensure that the proposed budget is in accordance with the policies, regulations and By-Laws of the Association.
- (d) The Strategic Planning and Process Committee will meet to review the proposed budget and develop conditional approval of a budget that will be presented to the Board for approval.
- (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. Committee Composition

Special Committees of the Association shall have a maximum of six (6) members (excluding the Sales Committee), which should include one (1) Director from each Region and the Chair as an ex-officio member. Members at large shall be permitted to sit on Special Committees with the approval of the Chair.