

All previous Rules rescinded



# Rules of Police Credit Union Limited

**(Co-operative & Community Benefit Societies Act 2014)  
(Credit Unions Act 1979)  
Register No 79C**

*January 2019*

*Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority & the Prudential Regulation Authority (Registered No 213306)*



A member of the Association of British Credit Unions Ltd  
Based on ABCUL Model Rules for Credit Unions 2012

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## **NAME, REGISTERED OFFICE, OBJECTS, PERMISSIONS, POWERS AND SOCIAL GOALS**

### **Name**

1. The name of the credit union shall be:

**Police Credit Union Limited** (hereinafter referred to as 'the Credit Union'.)

### **Registered Office**

2. The Registered Office of the Credit Union shall be at:

**Guardians House, 2111 Coventry Road, Sheldon, Birmingham B26 3EA**

or at such other place as may from time to time be determined by the Board of Directors and registered with the relevant Authority.

### **Objects**

3. The objects of the Credit Union are:
  - a. The promotion of thrift among its Members of the society by the accumulation of their savings;
  - b. The creation of sources of credit for the benefit of its Members at a fair and reasonable rate of interest;
  - c. The use and control of Members' savings for their mutual benefit; and
  - d. The training and education of Members in the wise use of money and in the management of their financial affairs.

### **Permissions**

4. The Board of Directors shall be responsible for ensuring that the Credit Union applies for, obtains and maintains all necessary permissions to operate legally as a credit union.

### **Powers**

5. The Credit Union shall have full power, subject to the law and the relevant Authority's requirements attached to any permission held, to do all things necessary or expedient for the accomplishment of its objects.

### **Social goals**

6. The Credit Union may, by resolution of its Board of Directors, adopt one or both of the following additional social goals within its policies:
  - a. To contribute towards the alleviation of poverty within the community; and
  - b. To contribute towards the economic regeneration of the community.

provided that these social goals are only pursued within the scope of the objects of the Credit Union.

## MEMBERSHIP

### Common bond qualifications for membership

7. Admission to membership of the Credit Union is restricted to:
- a. an individual who follows an occupation in the following “Minor” or “Unit” Groups of the Office of National Statistics’ Standard Occupational Classification:
    - I. 331 Protective Services Occupations
    - II. 411 Administrative Occupations: Government and Related Organisations
    - III. 117 Senior Officers in Protective Services
    - IV. 244 Welfare Professionals
  - b. an individual associated with other members by virtue of receiving a pension as a result of following the occupations listed in (a).
  - c. an individual who is a member of the same household as, and is a relative of, an individual who is a member of the Credit Union and falls directly within (a) or (b) of the common bond specified above.
  - d. A body corporate, an individual in his/her capacity as a partner in a partnership, an individual in his/her capacity as an officer or member of the governing body of an unincorporated association, if the body corporate, partnership or unincorporated association is associated with the individuals in (a) or (b) above in the following way:-
    - I. It employs or otherwise engages persons who follow the above occupations and/or associated occupations
    - II. It relates to the above occupations and/or associated occupations in the following way:-

It is a provider of and/or employs or otherwise engages individuals involved in trade union, credit union, social and welfare, ancillary or contracted services to the above occupations and/or associated occupations.
- **331 Protective Service Occupations**
  - 3311 NCOs and other ranks
  - 3312 Police officers (sergeant and below)
  - 3314 Prison service officers (below principal officer)
  - 3315 Police community support officers
  - 3319 Protective service associate professionals n.e.c.

- **411 Administrative Occupations**
- 4112 National Government administrative occupations
- 4113 Local Government administrative occupations
- 4114 Officers of non-governmental organisations
  
- **117 Senior Officers in Protective Services**
- 1171 Officers in armed forces
- 1172 Senior police officers
- 1173 Senior officers in prison and related services
  
- **244 Welfare Professionals**
- 2443 Probation Officers

Insert common bond map

### **Limitations on membership**

8. The Board of Directors shall ensure that at all times the number of Corporate Members in membership of the Credit Union does not exceed 10% (or such other amount as prescribed by law) of the total number of members of the Credit Union. If the number of Corporate Members should exceed the limit prescribed at any time then the Board of Directors shall take all steps to reduce the number below the limit prescribed by expelling from membership those Corporate Members determined by the Board of Directors using a policy and procedure determined by the Board. In determining the policy for the expulsion of Corporate Members the Board of Directors will conduct an assessment of the impact to the Credit Union of expelling any particular Corporate Member.

### **Joint Accounts**

9. The Credit Union may offer a joint account facility to Members that are individuals. A joint account shall only be available to two individuals who each qualify for, obtain and continue to hold membership under the common bond qualification. The Credit Union shall establish a procedure on the operation of a joint account.
10. In the event of the death of one of the holders of a joint account, the joint account shall, subject to any contrary written agreement between the holders and lodged with the Credit Union, become the property of the survivor.

### **Non-qualifying Members**

11. A Member who ceases to fulfil the qualifications for admission to membership shall become, and shall be referred to in these Rules as, a Non-Qualifying Member. A Non-Qualifying Member may, subject to approval by the Board of Directors, retain their membership and voting rights in the Credit Union, and continue to acquire Shares and to receive loans subject to legislation and the provisions of these Rules.
12. The number of Non-Qualifying Members shall not exceed 25 per cent of the total membership. If the number of Non-Qualifying Members should exceed 25 per cent at any time then the Board of Directors shall take steps to reduce this number to or below 25 per cent. Ultimately the Board of Directors shall be required to expel from membership those who have most recently become Non-Qualifying Members, subject to these Rules.

### **Junior savers**

13. The credit union may take deposits from a person who would otherwise qualify for membership of the credit union according to Rule 7 of these Rules and is under the age at which, defined in Rule 14 of these Rules; he may become a member.
14. A junior saver, who is eligible for membership of the Credit Union according to Rule 7 of these Rules, shall convert to full membership of the Credit Union upon reaching the age of 18, provided that no person that has a deposit in a Child Trust Fund account or a Junior ISA is eligible for membership of the Credit Union until they have reached the age of 18 years.

15. The Credit Union may, if the Directors so determine, take deposits up to a total of £10,000 or 1.5 per cent (or such other sum as may be permitted by the relevant Authority), of the total shareholding of the Credit Union from a junior saver of the Credit Union, whichever is the greater.

### **Applications for membership**

16. No applicant shall be admitted into membership of the Credit Union unless the applicant supports the objects and social goals of the Credit Union, has paid such entrance fee as required, has completed an application for membership in a form accepted by the Board of Directors and the Board has approved the application using such procedures as agreed by them from time to time.
17. An applicant for membership of the Credit Union may be admitted to membership only when:  
They fall within the common bond and as a result qualify for admission to membership;
  - a. They have provided sufficient evidence to prove their identity (and proof of incorporation if a corporate body) and address, as required to comply with all relevant laws and Regulations established in respect of money laundering prevention;
  - b. They have paid any entrance fee of an amount not to exceed £5 or any such reasonable amount sufficient to cover the administration costs of joining specified by the Board of Directors from time to time and agreed by the Members at the annual general meeting;
  - c. They have agreed to pay any annual administration fee of an amount not to exceed £5 or any such reasonable amount sufficient to cover the administration costs of membership specified by the Board of Directors from time to time and agreed by the Members at the annual general meeting; and
  - d. They hold and have paid for at least five £1 Non-Deferred Shares in the Credit Union
18. A Member of the Credit Union may hold more than one account in the Credit Union.

### **Register of Members**

19. The Credit Union shall keep, at its Registered Office, a Register of Members as per Section 30 of the Co-operative and Community Benefit Societies Act 2014  
The following information must be entered on the register in relation to each member—
  - a. the member's name and postal address;
  - b. where the member has notified the society of an electronic address for the purposes of receiving notices or documents under this Act, the electronic address and the purposes for which it has been notified;
  - c. the number of shares held by the member and the amount paid or agreed to be considered as paid on the shares;
  - d. a statement of other property in the society held by the member (whether in loans, deposits or otherwise);
  - e. the date the person was entered on the register as a member; (where applicable) the date the person ceased to be a member.
  - f. the names and postal addresses of officers and where the officer has notified the society of an electronic address for the purposes of receiving notices or documents

under this Act, the electronic address and the purposes for which it has been notified, the office held and the date the person took office.

The Register shall be constructed in such a way that it is possible to open to inspection so much of the information in it as would be contained in a duplicate register without exposing information recorded in it about members' shares and other property in the credit union.

### **Cessation of Membership**

20. A Member shall cease to be such if:
- a. They cease to qualify for admission for membership as specified in Rule 7 and subject to Rules 11 and 12; or
  - b. They die, or if a body corporate, is wound up or goes into liquidation; or
  - c. They are a Member in the capacity of the Designated Representative of an unincorporated association or partnership (that is not a body corporate) which is wound up or goes into liquidation; or
  - d. They are a Member in the capacity of the Designated Representative of an unincorporated association or partnership (that is not a body corporate) which removes or replaces them as its Designated Representative, provided the following is adhered to:
    1. any loans held by the Member are repaid in full;
    2. any Non-Deferred Shares held by the Member are repaid in full by the Credit Union;
    3. any deferred shares are transferred to another member of the credit union in accordance with Rule 44
  - e. If the partnership or unincorporated association wishes to appoint another Designated Representative then that representative should make an application for membership as per Rules 16 and 17;
  - f. By virtue of a Member becoming a Non-Qualifying Member of the Credit Union, the number of Non-Qualifying Members exceeds the maximum permitted by these Rules or by law; or
  - g. By virtue of being a Corporate Member of the Credit Union who has been expelled in accordance with Rule 8;
  - h. They voluntarily withdraw from the Credit Union in accordance with these Rules; or
  - i. At the discretion of the Board of Directors, membership shall be withdrawn if a Member's Non-Deferred Share balance is not brought up to the minimum shareholding requirement as established by the Board in accordance with Rule 46 within 6 months of becoming a Member of the Credit Union, or it is reduced to below the minimum shareholding requirement as established by the Board, and they fail to take action to increase their shareholding in accordance with Rule 46; or
  - j. They are expelled by the Credit Union in accordance with these Rules.

### **Withdrawing from membership**

21. A Member without any liability to the Credit Union may voluntarily withdraw from membership of the Credit Union at any time by applying for, and receiving, their shareholding in the Credit Union; subject to any notification period in place as agreed from time to time by the Board of Directors. Members with an outstanding liability to the Credit Union shall be required to settle their account prior to being permitted to withdraw from membership of the Credit Union.

22. Those Members holding Deferred Shares shall not have the power to withdraw them. Repayment of any Deferred Shares shall be made in accordance with the issue documents which comply with Section 31A Credit Unions Act 1979.

### **Expulsion from Membership**

23. Subject to the receipt of notice of expulsion in accordance with these Rules, a Member shall be suspended from participation in the Credit Union pending the completion of an investigation. The investigation may recommend the Member's subsequent expulsion from membership of the Credit Union. Any recommendation for expulsion shall be voted upon by passing a resolution carried by a majority present at a joint meeting of the Board of Directors and of the Supervisory Committee/Internal Audit.
24. A Member may be suspended, and subsequently expelled, from the Credit Union for any grave and sufficient reason including, but not limited to, the following:
- a. Wilful breach of, or refusal to comply with, the Rules;
  - b. Divulging confidential information obtained by virtue of being a Member of the Credit Union;
  - c. Deceiving the Credit Union with regard to the purpose of money borrowed or its subsequent use;
  - d. Default and continued refusal to honour a debt (the loan repayment terms of which had been agreed in a signed loan agreement);
  - e. Maliciously and knowingly spreading incorrect reports about the management of the Credit Union;
  - f. Wilfully making any entry, error or erasure in, or omission from any passbook, record or return of the Credit Union with the intent to falsify it;
  - g. Actively working against the interests of the Credit Union and/or its membership;
  - h. Allowing their account to become dormant and failing to remedy the situation in accordance with Rules 30 to 34;
  - i. Using the Credit Union as a vehicle for committing an offence under the Money Laundering Regulations 2007;
  - j. Committing an offence of dishonesty against the Credit Union, wilfully destroying or damaging records or other property of the Credit Union, or knowingly passing forged papers through the Credit Union;
  - k. If, after admission as a Member of the Credit Union, their application form is found to include wilfully false or misleading information or any defect is discovered in their qualification for membership at the time of their admission which in the opinion of the Board of Directors is of such consequence as to justify expulsion;
  - l. Abusive behaviour towards the employees or volunteers of the Credit Union.
  - m. A member of staff whose employment has been terminated following disciplinary action

### **Notice of expulsion**

25. A notice of expulsion of a Member shall be sent by special delivery to the last known address of the Member, and shall contain a reference to the expulsion appeals procedure. The notice of expulsion of the Member shall not become effective until 30 days after the date of posting the notice of expulsion or until the result of any appeal, if any, whichever is the later.

### **Appeal against expulsion**

26. A Member shall have 14 days from the receipt of a notice of expulsion to request an appeal against their expulsion. The Board of Directors shall, upon a request received in Writing from the Member on whom the notice of expulsion has been served, convene a Special General Meeting of the Members to consider the matter of their expulsion. The meeting shall be held not later than 60 days after the date on which the expulsion notice has been served on them. The Member shall have the right to be represented and heard at such special general meeting. The Special General Meeting shall have the power, by a majority decision of Members present, to confirm the Member's expulsion or to direct that they shall remain a Member of the Credit Union. The result of the appeal shall be final.

### **Liability of withdrawn and expelled Members**

27. Withdrawal or expulsion of a Member from the Credit Union shall not relieve such Member from any liability which existed at the time of their withdrawal or expulsion.
28. The amount deposited by a Member who withdraws or is expelled shall be paid to them as funds become available, but only after all monies owed by them to the Credit Union have been deducted. Any amount due to a withdrawn or expelled Member shall be repaid within a period of less than 60 days beginning on the day following the expulsion or notice of withdrawal. No payment shall be paid to such a Member unless all of their liabilities to the Credit Union have been fully discharged.

### **Availability of Rules**

29. A copy of these Rules and any amendments made to them shall be made available free of charge on demand to every Member of the Credit Union upon admission to membership and shall be provided to any other person on demand and upon payment of an amount no more than the specified amount chargeable in law for the time being in force.

### **Dormant accounts**

30. If a period of 12 months passes without any transactions on the account of a Member (or on any of their accounts if they have more than one), the Board of Directors shall have the discretion to declare that the account has become dormant. The Board may take account of any extenuating circumstances in making this declaration.
31. The Board of Directors shall have the discretion to charge an annual administration fee on each dormant account, an amount not to exceed £5 or any such reasonable amount sufficient to cover the administration costs of membership specified by the Board of Directors from time to time and agreed by the Members at the annual general meeting
32. In relation to a Member who does comply with the minimum shareholding requirement as set out in Rule 46, but whose account is dormant, the Credit Union may alert the Member to the dormancy by contacting the Member in Writing at their last known Address notifying the Member that there have been no transactions on their account (or their accounts if they have more than one) during the last 12 months, and providing the Member with a six week period to determine the future use of their account(s).

33. Any communication in Writing made under Rule 32 shall contain:
  - a. Information on reactivating or closing their account and withdrawing from membership;
  - b. Information about the right of the Credit Union to charge an annual administration fee;
  - c. Reference to Rule 34 which enables the Credit Union to remove dormant accounts into a suspense account and subsequently expel the Member from membership.
34. If the Member does not reactivate or close their account(s) within six weeks of the Credit Union issuing the communication, the Board of Directors shall have the discretion to:
  - a. Hold any monies within the account(s) of such Member in a suspense account pending the Member's subsequent withdrawal of their money, or activity on their account;
  - b. Charge the annual administration fee;
  - c. Expel the Member from membership of the Credit Union in accordance with Rule 24.

## **SHARES**

35. The Credit Union may offer Non-Deferred Shares and Deferred Shares. The nominal value of each Share shall be £1.00. A Member must purchase and hold at least five £1 Shares in the Credit Union.
36. The Credit Union may issue Interest Bearing Shares if it meets the criteria for doing so as may be prescribed by law, the relevant Authority and these Rules.
37. When a Member opens a share account the Credit Union must inform the Member whether said share account will qualify for interest or dividend as per the Rules. If a Member is informed that they hold Interest Bearing Shares they must also be informed that if the Credit Union ceases to meet the criteria set out by law or the relevant Authority to pay interest on Shares their Interest Bearing Shares will be converted to Dividend Bearing Shares.
38. If a Member's Interest Bearing Shares are converted to Dividend Bearing Shares the Member must be informed using an agreed policy and procedure established by the Board of Directors.
39. Interest Bearing Shares shall not be eligible for a dividend and interest shall be set and credited using an agreed policy and procedure established by the Board of Directors.

### **Non-Deferred Shares**

40. Non-Deferred Shares shall be withdrawable subject to the provisions of Rules 51 to 53.
41. Non-Deferred Shares shall not be transferable and the Credit Union shall not issue to a Member a share certificate denoting ownership of a Non-Deferred Share.

## **Deferred Shares**

42. Members of the Credit Union shall be eligible to purchase Deferred Shares which may be issued by the Credit Union under the terms and obligations as set out in an Issue Document(s). Upon purchase the Credit Union shall issue a share certificate denoting ownership of a Deferred Share(s).
43. For any Deferred Share(s) issued to a Member the Credit Union must transfer an equivalent amount (in whole pounds) to reserves.
44. Deferred Shares are non-withdrawable but are transferable and repayable only in the circumstances set out in the issue document. Deferred Shares shall only be transferred to another Member of the Credit Union using a procedure agreed by the Board of Directors.
45. Deferred Shares do not hold the right to any additional votes in the Credit Union and shall not count towards, or be subject to, the required minimum shareholding specified in Rule 46 nor the maximum shareholding specified in Rule 47.

## **Minimum Shareholding**

46. The minimum shareholding (excluding Deferred Shares) required to remain in membership of the Credit Union shall be a sum not exceeding £5.00 as may be determined by the Board of Directors. Deferred Shares are not included in the minimum shareholding. The Board of Directors shall have the discretion to withdraw membership from any Member whose account has not been brought up to the minimum Non-Deferred Shareholding requirement within six months of admission to membership, or any Member whose account is reduced below the minimum Non-Deferred Shareholding, through adopting the following procedure:
  - a. Providing notice in writing to their last known Address
  - b. The notice shall require the Member to increase their shareholding to the minimum required or withdraw their Non-Deferred Shares within 6 months of the date of the notice.
  - c. If the Member has not taken action under (b) above the balance of the account may be declared by the Board of Directors to be forfeited to the Credit Union and membership shall be withdrawn on the same date.

## **Maximum shareholding**

47. No Member shall have, or claim an interest in, Non-Deferred Shares of the Credit Union, exceeding £10,000 or 1.5 per cent (or such other sum as may be permitted by the Relevant Authority), of the total Non-Deferred Shareholdings in the Credit Union, whichever is the greater figure.
48. Corporate Members in total shall not have, nor claim an interest in, fully paid up Non-Deferred Shares of the Credit Union exceeding 25 per cent (or such other amount as may be prescribed by law) of the total fully paid up Non-Deferred Shares of the Credit Union. If this percentage is exceeded the Board of Directors shall repay Non-Deferred Shares held by Corporate Members using an agreed policy until a point where the percentage is no longer exceeded.

49. The maximum Non-Deferred Shareholding limit of a joint account shall be double the limit on an account held by a Member that is an individual. The amounts held separately in an individual and joint account shall be amalgamated.
50. For the purpose of Rules 47 and 48 the total fully paid up Non-Deferred Shares in the Credit Union shall be taken to be the total fully paid up Non-Deferred Shares as shown in the most recent annual return to have been sent to the Relevant Authority.

### **Withdrawing Shares**

51. Money paid in on Shares, may be withdrawn by a Member on any day as provided for by the Board. However, if required, the Board may request up to sixty days' notice from a Member of their intention to withdraw their shareholding.
52. Rule deleted March 2018 AGM.
53. Rule deleted March 2018 AGM.

### **Insuring shares**

54. Rule deleted January 2016 AGM.

### **Financial Services Compensation Scheme**

55. Members' Non-Deferred Shares and junior savers' deposits are protected by the Financial Services Compensation Scheme, subject to the current terms of the Scheme that may be in existence. Deferred Shares are not covered by the Financial Services Compensation Scheme.

## **LOANS**

### **Loans to Members**

56. The Credit Union may make loans to Members eligible to receive them. No individual under 18 years shall be eligible to receive a loan from the Credit Union. A Member who holds Deferred Shares in the Credit Union may not borrow on the strength of that shareholding nor use Deferred Shares to guarantee the repayment of another Member's loan.
57. The Board of Directors shall determine from time to time the Loan Policy of the Credit Union which shall apply to all Members. The Loan Policy shall include:
  - a. The maximum loan amounts available to Members;
  - b. Any limits or requirements that may be attached to secured and unsecured loans, including loans secured on shares and loans with shares attached;
  - c. Under what circumstances shares will be attached to a loan;
  - d. The rate of interest charged on loans (not to exceed any maximum rate as may be prescribed by law);
  - e. The application procedure for loans.

58. The Credit Union shall not at any time make a loan to a Member if the making of such a loan would bring the total amount outstanding on loans to Members above such a limit as may be prescribed by law or Rules established by the relevant Authority.
59. The Credit Union shall not at any time make a loan to a Corporate Member, if the making of such a loan causes the total loans to Corporate Members be in excess of the limit of 10 per cent of the aggregate of the outstanding balances on all loans (or such other amount as prescribed by law).
60. Two Members agreeing to take out a loan on a joint account shall be held jointly and severally liable for repayment of the loan.
61. Any person knowingly responsible for the issue of a loan to a person other than a Member of the Credit Union shall be jointly and severally liable with the borrower to the Credit Union in the amount of the loan and accrued interest.

#### **Guarantors**

62. A Member of the Credit Union can use their shareholdings (excluding Deferred Shares) to guarantee another Member's loan. Directors, Officers and employees of the Credit Union are prohibited from acting as a guarantor for a Member's loan under any circumstances.

#### **Loans to Officers and employees of the Credit Union**

63. Members of the Board of Directors, Officers, Approved Persons and employees of the Credit Union may, as a Member of the Credit Union, be granted a loan by the Credit Union subject to Rule 64. Such a Member may not be involved in the decision on the granting of the loan and such a loan may not be approved solely by a loan officer of the Credit Union. The Supervisory Committee shall be informed of the details of any such loan within 14 days of its approval.
64. A Credit Union must not make a loan to one of its Board members, Officers or Approved Persons on terms more favourable than those available to other Members of the Credit Union unless that Member is also a paid employee of the Credit Union.
65. A Credit Union must not make a loan to a relative of, or any person otherwise connected with, a member of the Board of Directors, an Officer, an Approved Person or employee of the Credit Union on terms more favourable than those available to other Members of the Credit Union.

#### **Insuring Members' loans**

66. Rule deleted January 2016 AGM.

#### **Recovering loans from Members**

67. The Board of Directors is responsible for ensuring that suitable policies and procedures are established to ensure the repayment of all debts due to the Credit Union. All sums due from any Member shall be recoverable from him or her, their executors or administrators, as a debt due to the Credit Union.

68. The Credit Union shall have a lien on any shares of a Member for any debt due to it by a Member or for any debt which the Member has guaranteed, and may offset any sum standing to the Member's credit, including any shares, interest rebate and dividends, in or towards, payment of such debt.

## **APPLICATION OF SURPLUS**

### **Calculation of profit**

69. In ascertaining the profit or loss resulting from the operation of the Credit Union during any year of account, all operating expenses in that year of account shall be taken into account (including payment of interest) and provision shall be made for depreciation of assets, for tax liabilities and for bad and doubtful debts.

### **Building institutional capital**

70. The Credit Union shall, out of its surplus from each year, establish and maintain reserves in accordance with the prudential Rules on capital adequacy established by the relevant Authority.

### **Distribution of surplus**

71. Following compliance with the capital adequacy requirements established by the relevant Authority, the Credit Union may allocate any remaining surplus in the following manner:
- a. A voluntary transfer to develop further the institutional capital base of the Credit Union;
  - b. Subject to Rule 77, in the payment to Members of dividends on the amount of their paid up Dividend Bearing Shares;
  - c. Subject to Rule 76, as a rebate of interest paid by or due from Members who have received loans from the Credit Union, such rebate being proportional to the interest paid by or due from such Members during that year of account; and
  - d. After clauses (a) to (c) above has been paid out, as a payment for social, cultural or charitable purposes.

### **Dividend on Shares**

72. The maximum amount payable as dividend on Dividend Bearing Shares shall not exceed 8 per cent per annum (or such other maximum rate as may be determined by the Board of Directors). If a surplus has been achieved, and dividends are payable, the Board of Directors shall recommend the rates of any dividend payments for agreement by the Members at the annual general meeting.
73. If a decision has been made to dissolve the Credit Union then the dividend payable on Dividend Bearing Shares shall not exceed 8 per cent per annum or any other rate as may be specified by order made by the Treasury.

74. At each Annual General Meeting Members may be formally asked to delegate such powers to the Board of Directors as may be necessary to declare interim dividends and establish differentiated dividend rates subject to any Rules made by the relevant Authority. No dividend declared and authorised for payment by the Members at the Annual General Meeting shall exceed the rate recommended by the Board of Directors.
75. Any dividend shall be declared on all full shares held during the preceding year of account or interim period. New Members joining the Credit Union shall be entitled to a proportional part of the dividend on any shares held for less than the full year of account on every full month of membership, a portion of a month being disregarded for the purpose of entitlement to dividend. Dividends shall be paid to those in membership of the Credit Union on the date that the dividend is declared.

#### **Rebate of interest on loans**

76. Provided that a dividend on shareholdings has been recommended by the Board of Directors in accordance with these Rules, a rebate of interest may be recommended by the Board of Directors for declaration by the Members at the Annual General Meeting. No rebate of interest declared and authorised for payment by the Members in General Meeting shall exceed the rate recommended by the Board of Directors. Entitlement to rebate of interest is on the same basis as entitlement to dividend.

#### **Payment of dividends and interest rebates**

77. Dividends on Dividend Bearing Shares and interest rebates due to any Member may be placed to the credit of their share balance, and shall be so placed in any case where there is any money due by them to the Credit Union whether as a borrower, guarantor or otherwise in excess of their shareholding in the Credit Union unless the application of such dividend and/or interest rebate would increase their shareholding in the Credit Union to an amount exceeding the maximum shareholding permitted by Rule 47.

### **MEMBERS' MEETINGS**

#### **Attendance at Members' meetings**

78. Meetings of the Credit Union shall be either an Annual General Meeting or a special general meeting. Every Member shall be entitled to attend such general meetings on the production of such evidence as the Board of Directors may from time to time determine.

#### **Annual General Meeting**

79. The Annual General Meeting shall be held within six months of the end of the year of account at such date, time and place as the Board of Directors may determine by resolution.
80. The business of the Annual General Meeting shall comprise:
  - a. The receipt of the accounts and balance sheet and of the reports of the Board of Directors and the auditor (if any);
  - b. The appointment of an auditor (subject to Rule 140);

- c. The election of the Board of Directors or the results of the election if held previously by ballot;
- d. The application of surplus;
- e. The transaction of any other business included in the notice convening the meeting.

#### **Notification of Members' meetings**

- 81. At least 1 month and not more than 90 days before the date of a general meeting, Members will be advised by the placing of notices in prominent areas of each credit union office, outlining the date, time and place of the meeting. In addition details will be posted on the credit union website, and the Auditor will be advised.
- 82. Rule deleted at March 2018 AGM

#### **Special General Meetings called by the Credit Union**

- 83. Any general meeting of the Credit Union other than an annual general meeting shall be a special general meeting. The Board of Directors or the Supervisory Committee/Internal Audit of the Credit Union may for good reason convene a Special General Meeting for any purposes not specifically provided for elsewhere in these Rules.

#### **Special General Meeting at Members' request**

- 84. Upon an application, signed by one tenth of the total number of Members, or 100 Members, whichever is the lesser number, delivered to the registered office of the Credit Union, the Board of Directors shall convene a Special General Meeting of Members. The purpose of the Special General Meeting shall be stated in the application and notice of the meeting. No business other than that stated in the notice of the meeting shall be conducted at the meeting.
- 85. If within one month from the date of the receipt of the application the Board of Directors has not convened a Special General Meeting to be held within 6 weeks of the application, any three Members of the Credit Union acting on behalf of the signatories to the application may convene a Special General Meeting, and shall be reimbursed by the Credit Union for any costs properly and reasonably incurred in convening such a meeting.
- 86. In order to ensure the continuation of the Credit Union, a Special General Meeting which results in the removal of one or more Board members from their position, will require any newly elected Officer to apply for, and obtain Approved Person status immediately following their election and before carrying out the function. A newly elected person refused Approved Person status by the relevant Authority is required to resign their position immediately and shall no longer be permitted to take an active role in the management of the Credit Union.

### **Special general meeting called by the Supervisory Committee/Internal Audit**

87. If an Officer of the Credit Union has been suspended from office by the Supervisory Committee / Internal Audit using the procedure set out in Rule 132 and has not tendered their resignation within 7 days of said suspension then the Supervisory Committee/Internal Audit shall convene a Special General Meeting of the Credit Union to be held no later than 90 days following the suspension. If the majority of the Members present at such a meeting so vote by secret ballot they may:
- a. Ratify the suspension and remove from office the person so suspended and shall determine the manner in which the vacancy caused as a result of the removal shall be filled. It shall be ensured that the vacancy is filled following the requirements of these Rules and subject to any regulatory requirements relating to Approved Person status. Any vacancy shall be filled at the meeting;
  - b. Rescind the suspension;
  - c. Remove from office any other Officer of the Credit Union (whether or not he or she has been suspended by the Supervisory Committee / Internal Audit) and shall determine the manner in which the vacancy caused as a result of the removal shall be filled and subject to any regulatory requirements relating to Approved Person status shall fill the vacancy at the meeting.

Provided, however, that no person shall be removed from office under this Rule without being given the opportunity to be represented or be heard at a Special General Meeting of the Credit Union of which he or she shall be given 14 days notice.

### **Business at a Special General Meeting**

88. A Special General Meeting shall not conduct any business other than that specified in the notice convening it. An Annual General Meeting may be made a Special General Meeting for any purpose of which due notice has been given, provided that such business is not brought on until the business of the Annual General Meeting is concluded.

### **Voting**

89. Each Member of the Credit Union shall hold one vote only irrespective of the size of their Shareholding in the Credit Union or the number of accounts held. The right to vote by a Member shall be held by:
- a. In the case of an individual Member, be the individual;
  - b. In the case of a partnership or an unincorporated association, the Designated Representative or partner;
  - c. In the case of an incorporated body, the Corporate Representative.
90. A Member of the Credit Union may not vote by proxy at a general meeting of the Credit Union. Postal voting and / or electronic voting may be used, at the discretion of the Board of Directors, as part of the procedure for the nomination and election of the Board of Directors and the Supervisory Committee of the Credit Union.
91. Elections for the Board of Directors and Supervisory Committee of the Credit Union shall be conducted by secret ballot unless undertaken prior to the Annual General Meeting by postal vote. Except where otherwise specified in these Rules or law, all questions shall be resolved by a simple majority of votes cast.

92. A Member is able to exercise the right to speak and vote at a general meeting of the Credit Union and is deemed to be in attendance when they and all those attending the meeting are in a position to communicate with each other. The Directors may make whatever arrangements they consider appropriate to enable those attending a general meeting of the Credit Union to exercise their rights to speak or vote at it including by electronic means. In determining attendance at a meeting of the Credit Union, it is immaterial whether any two or more Members attending are in the same place as each other.

### **Chairperson**

93. Every general meeting shall have a Chairperson, who shall not be entitled to vote unless the number of votes cast are equal, at which point he or she shall have a casting vote. The Chair of the Credit Union shall, if present, take the chair at general meetings. If the Chair is not present, the Vice-Chair shall take the chair and if he or she is not present then the voting members of the Board present shall elect one from their number to do so.

### **Quorum**

94. No business shall be transacted at a general meeting unless a quorum is present. A quorum shall be 10 per cent of the membership, or 15 Members, whichever is the lesser number. If within half an hour from the time appointed for the meeting to commence a quorum is not present then the meeting, if convened upon the requisition of Members, shall be dissolved. In any other case the meeting shall be adjourned until a later date within 60 days of the meeting at which the adjournment took place. The Members present at a meeting so adjourned shall constitute a quorum.
95. No meeting shall become unable to conduct business from the want of a quorum arising after the chair has been taken.

### **Adjournment**

96. The Chairperson may adjourn any Members' meeting for any good and sufficient reason.
97. The provisions relating to the conduct of general meetings of the Credit Union shall apply to adjourned meetings. No business shall be transacted at such a meeting other than the business left unfinished at the meeting at which the adjournment took place.

## **NOMINATING AND ELECTING OFFICERS**

### **Nomination for election**

98. Subject to Rules 107 and 108 of these Rules, the Board of Directors will accept nominations for election of Officers of the Credit union. All nominees for election as an Officer of the Credit Union must be Members of the Credit Union and must be at least 18 years of age and:
- a. In the case of an individual Member, be the individual;
  - b. In the case of a partnership or an unincorporated association, be the Designated Representative or partner;
  - c. In the case of an incorporated body, be the Corporate Representative.
  - d. Have been a member for a minimum of 12 months prior to the date of the AGM

- e. Be seconded by members who have been members for a minimum of 12 months prior to the date of the AGM
- 99. All nominations for Directors and Supervisors must come through the Nominations Committee. Nominations for the Board of Directors and the Supervisory Committee shall be in writing, in line with conditions in rule 98, on the appropriate form signed by a Proposer and Secunder and also by the Nominee to indicate their consent.
- 99a. Members will be notified that elections are taking place via the credit union website and a notice inviting nominations for Director and Supervisor vacancies which will be displayed in each office. The closing date will be advised within the notice but will be no later than 1 month before the AGM date to allow time for due diligence and eligibility checks to take place. Nominations should be submitted to the Nominations Committee.
- 99b. Rule deleted at 2019 AGM.
- 100. Nominations will not be accepted from the floor.
- 100a. Rule deleted at 2018 AGM

### **Nominating Committee**

- 101. The Board of Directors ~~may~~ will appoint a nominating Committee of not less than 3 Members of the Credit Union. The nominating Committee shall ascertain the number of vacant Officer posts requiring candidates and ensure that there is at least one suitable candidate to recommend to the Annual General Meeting for each vacancy. In making their recommendation, the nominating Committee shall ascertain that the nominee is 'fit and proper' to become an Approved Person. The nominating Committee shall adhere to any policy established by the Board of Directors in relation to the suitability of candidates, diversity, common bond area representation and numbers. The nominating Committee shall also be responsible for identifying and recommending potential co-options to the Board of Directors to fill any vacancies. The Board may delegate powers to the nominating Committee to manage applications for Approved Person status.

### **Election of Officers**

- 102. All elections shall be conducted following such procedure as may be established by the Board of Directors from time to time.
- 103. If for any election the number of nominees does not exceed the number of vacancies to be filled, a proposal to dispense with the election procedure and to declare that all nominees are duly elected may be proposed to the Annual General Meeting. If such a proposal is carried by a majority vote of the Members present at the meeting, the Chairperson shall declare that the nominees for that election are duly elected

### **Prohibition of certain persons as Officers**

104. A person who knows of any substantive reason why he or she may not be regarded as 'fit and proper' to be authorised as an Approved Person by the relevant Authority, or who is an undischarged bankrupt, or who is disqualified under the Company Directors Disqualification Act 1986, or has been convicted on indictment of any offence involving fraud or dishonesty, shall not:
- a. Act as an Officer of the Credit Union; or
  - b. Directly or indirectly take part in or be concerned in the management of the Credit Union; or
  - c. Permit their name to be put forward for election or appointment to any office of the Credit Union.

When a person holding any office in the Credit Union becomes ineligible by virtue of this Rule to hold that office, he or she shall immediately cease to hold office.

- 104a The Board of Directors shall adopt a Code of Conduct, and any person wishing to serve as a volunteer or member of staff within the Credit Union is required to comply with the Code of Conduct.

### **Terms of office**

105. On election, Officers will be appointed for a term of three years. At the third anniversary AGM after their appointment they will retire but will be eligible for re-election.

### **Board of Directors**

106. At no time shall an employee of the Credit Union be a voting member of the Board of Directors.
107. The Credit Union shall have a minimum of 5 Directors and a maximum as determined by the Members at the Annual General Meeting from time to time. Directors shall be elected at the Annual General Meeting in accordance with these Rules.
108. Designated Representatives or Corporate Representatives of Corporate Members may be elected as a Director. At no time will the percentage of Corporate Members elected to the Board of Directors exceed 10 per cent of the total number of Directors declared by the members according to Rule 107 of these Rules.
109. The Board of Directors has the power, in advance of an election, to propose a recommendation on election of representatives at the annual general meeting to ensure that the Board consists of representatives of all areas, sections and diverse groups covered by the Credit Union.

### **Election of office holders**

110. As soon as possible following the Annual General Meeting, the Board of Directors shall elect from among its number a Chair, a Vice-Chair who shall be Vice-Chairperson, a Non-Executive Director of Finance and a Secretary of the Credit Union. A person so elected shall hold office until the election of their successor.

## **Removal of a Director**

- 110a. A Director may be removed from office by a resolution of the Credit Union that it is in the best interests of the Credit Union that his/her office is terminated. A resolution to remove a Director from office may only be passed if:
- a. The Director has been given at least 14 days notice in writing of the general meeting at which the resolution to remove them from office will be proposed and the reasons it is to be proposed; and
  - b. The Director or, in the option of the Director, the Directors representative has been allowed to make representations to the general meeting.

## **Casual vacancies**

111. A casual vacancy on the Board of Directors shall, as soon as is practicable, be filled by a majority vote of the Directors then holding office. Such a co-opted Director shall hold office until the next AGM at which time shall be subject to a Members vote in line with these Rules The Credit Union shall adhere to the requirements established by the relevant Authority in respect of obtaining Approved Person status for a co-opted Director prior to them taking up an active role in the management of the Credit Union.

## **Timing and notification of Board meetings**

112. Regular meetings of the Board of Directors shall be held at least monthly. Full information on the financial performance of the credit union will be provided to the Directors on a monthly basis. The date, time and place of such meetings shall be decided from time to time by the Board. All meetings shall be called in such a manner as the Board shall determine.
113. The Chair, or in their absence the Vice-Chair, may call a special meeting of the Board of Directors at any time, and shall do so on receipt of a request in writing signed by at least three Directors. The Chair, or in their absence the Vice-Chair, shall determine the date, time and place of such a meeting, unless the Board of Directors prescribes otherwise by resolution.

## **Quorum**

114. No business shall be transacted at a meeting of the Board of Directors unless a quorum is present. A majority of the number of the Directors in office at any time shall constitute a quorum. If from the time appointed for the meeting to commence a quorum is not present then the meeting may be adjourned to any date not less than two or more than 30 days from the day of the meeting at which the adjournment took place. The quorum for such an adjourned meeting shall be three Directors or such greater number as the Board may determine by resolution.

## **Voting at Board meetings**

115. Any questions arising at any meeting of the Board of Directors shall be decided by a majority of votes. Each Director shall have only one vote on any matter provided that the Chairperson of the meeting shall have a casting vote in the event of an equality of votes.

### **Attendance at Board meetings**

116. A Director is able to exercise the right to speak at a meeting of the Board of Directors and is deemed to be in attendance when that person and all those attending the meeting are in a position to communicate with each other. The Directors may make whatever arrangements they consider appropriate to enable those attending a meeting of the Board of Directors to exercise their rights to speak or vote at it including by electronic means. In determining attendance at a meeting of the Board of Directors, it is immaterial whether any two or more Directors attending are in the same place as each other.

### **Chairing Board meetings**

117. Subject to any specific provision contained in these Rules, the Chair or, in their absence the Vice-Chair, shall preside at meetings of the Board of Directors. He or she shall perform such other additional duties as directed by the Board of Directors which are not inconsistent with the provisions of the law or of these Rules.

118. If neither the Chair nor the Vice-Chair is present or willing to act within 15 minutes after the time appointed for the beginning of a Board meeting, the other voting Directors shall elect one of their number to be Chairperson of that meeting.

### **Failure to attend meetings**

119. Any Director who, without special leave of absence, fails to attend 3 consecutive meetings shall, if the Board of Directors so resolve, be deemed to have vacated their office, and the vacancy shall be filled as provided for in Rule 111.

### **Delegation of powers**

120. The authority of the Board of Directors resides within a meeting of the Board which has been properly called. Outside of a Board meeting Director(s) shall only have the specific authority to act in a specified area as may from time to time be delegated within a meeting of the Board of Directors. In addition, the Board of Directors may delegate any of their powers to Committees established as provided for in these Rules. Committees shall consist of such members of the Board as determined from time to time by the Board and other individuals as the Board think appropriate who shall have clear terms of reference and conform in all respects to these terms, including any requirements regarding reporting to the Board of Directors.

### **Validity of actions**

121. All acts carried out by any meeting of the Board, or of any Committees or by any Director acting in pursuance of any authority duly given shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment or qualification of any Director, be valid as if such Director had been duly appointed or qualified.

### **Responsibilities of Directors**

122. Subject to the law and these Rules, the Board of Directors shall manage the general business and control the affairs of the Credit Union and shall be responsible for performing all of the duties ordinarily performed by the Board of Directors.  
Specific responsibilities removed at March 2018 AGM

### **Vacation of office**

123. Elected and co-opted Officers serving the Credit Union shall immediately cease to hold office or Committee position if:
- a. They cease to be a Member of the Credit Union;
  - b. They are performing a controlled function and their Approved Function status is withdrawn by the relevant Authority;
  - c. They are adjudged bankrupt or make an arrangement with their creditors;
  - d. They are prohibited from acting as an Officer of the Credit Union as per Rule 104;
  - e. A registered medical practitioner who is treating that person gives a written opinion to the Credit Union stating that the person has become physically or mentally incapable of acting in their position and may remain so for more than three months;
  - f. By reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have;
  - g. They resign their office in writing to the Secretary or to the Chair or to the Supervisory Committee;
  - h. They are deemed to have vacated their office in accordance with Rule 119;
  - i. They are removed by a resolution of a majority of the Members of the Credit Union present at a Special General Meeting called for that purpose by the Board of Directors or by the Supervisory Committee or by the Members provided that such an Officer shall be given at least 14 days notice of the meeting and of the intention to remove him or her from office;
  - j. They become an employee of the Credit Union.
  - k. They, or their spouse or partner, are engaged in a managerial capacity in the carrying on of any business, trade or undertaking which in the opinion of the Board competes in any way with any business, trade or undertaking carried on by the Credit Union;
  - l. They, or their spouse or partner, are concerned in or participate in the profits of any contract made with the Credit Union except as a non-managerial member or employee of any society or company which contracts with or does work for the Credit Union.

### **Payment to Officers and honoraria**

124. Rule deleted January 2016 AGM.
125. A member of the Board of Directors or member of a Committee who undertakes a significant amount of duties and responsibilities in connection with the management of the Credit Union may be paid an additional responsibility payment as agreed by the Board

subject to a screening panel made up of the CEO, Chair of Supervisors, Finance Manager and Internal Audit. The payments will be noted separately in the Annual Accounts of the Credit Union.

125a. Rule deleted at the March 2018 AGM.

## **CREDIT COMMITTEE AND LOANS OFFICER**

### **Roles and responsibilities**

126. Rule deleted January 2016 AGM.

127. Rule deleted January 2016 AGM.

128. Rule deleted January 2016 AGM.

## **SUPERVISORY COMMITTEE**

### **Roles and responsibilities**

129. The Credit Union shall have a Supervisory Committee. The Board of Directors and the Supervisory Committee shall agree the Terms of Reference of the Supervisory Committee. Members of the Supervisory Committee shall not be members of the Board of Directors of the Credit Union, or be employed by the Credit Union, and shall be elected in accordance with the provisions of these Rules.

129a. The Credit Union shall also have an Audit and Risk Committee. The Board of Directors and the Audit and Risk Committee shall agree the Terms of Reference of the Audit and Risk Committee. Members of the Audit and Risk Committee shall be a mix of Supervisors, Directors and Staff as agreed by the Board of Directors and the Audit and Risk Committee. The Audit and Risk Committee will meet at least three times in each financial year.

130. If a vacancy occurs on the Supervisory Committee its remaining number shall have the power to co-opt a replacement for the remaining term of office. The Supervisory Committee shall be notified of all meetings of the Credit Union and be entitled to attend such meetings, including meetings of the Board of Directors of the Credit Union. The Supervisory Committee shall report each year to the Annual General Meeting.

131. The Supervisory Committee has the power to recommend to the Board that the internal audit function be outsourced. The Board of Directors shall be responsible for ensuring that the internal audit function is performed in accordance with prescribed Terms of Reference.

### **Suspension from office**

132. The Supervisory Committee may, by a unanimous vote of the membership at a Special General Meeting called for the purpose, suspend from office any Officer of the Credit Union who, in the opinion of the Supervisory Committee is guilty of a persistent or serious breach

of the law in relation to the Credit Union, these Rules or the policies laid down by the Board of Directors. Whether or not it suspends any Officer, the Supervisory Committee may by unanimous decision convene a meeting of the Board of Directors or a Special General Meeting of the Credit Union to consider such an action, at which meetings such Officer(s) shall be given an opportunity of state their case and/or be represented.

### **Suspension from the Supervisory Committee/Internal Audit**

133. The Board of Directors may, by a majority vote of the membership of the Board at a special meeting called for the purpose, suspend from office the Supervisory Committee/Internal Audit or any of its members, for any grave and sufficient reason.
134. Whenever a member(s) of the Supervisory Committee/Internal Audit has been suspended from office under the preceding Rule, and within 14 days of said suspension has not submitted their resignation, the Board of Directors shall convene a Special General Meeting of the Credit Union to be held not later than 90 days after the suspension. If a majority of the members present at such a meeting so signify by secret ballot they may:
  - a. Ratify the suspension and remove from office the person so suspended and shall determine the manner in which the vacancy caused by the suspension shall be filled, and shall fill the vacancy at such meeting;
  - b. Rescind the suspension;
  - c. Remove from office any other Officer of the Credit Union (whether or not he or she has been suspended by the Board of Directors) and determine the manner in which the vacancy caused by the removal shall be filled.

Provided, however, that no person shall be removed from office under this Rule without being given an opportunity of being represented or being heard at a Special General Meeting of which he or she shall be given 14 days notice in writing.

## **OFFICERS AND EMPLOYEES**

### **Conflict of interest**

135. No Officer or employee of the Credit Union shall in their conduct of the Credit Union's business in any manner, directly or indirectly participate in the deliberation of or the determination of any question affecting their pecuniary interest or the pecuniary interest of any person or body (other than the Credit Union) in which he or she is directly interested. Such person(s) shall withdraw from the meeting and the remaining persons shall constitute a quorum while that matter is being discussed or determined should their withdrawal result in a quorum not being present. The Board, by a majority decision of its number, shall maintain the right to require such an individual to withdraw from the Board during the period the conflict of interest exists. The Board may co-opt another member to fill such vacancy.
136. Any Officer who declares an interest in becoming an employee of the Credit Union, or where a member of their immediate family applies for a position as an employee of the Credit Union, shall not take part in any discussion, selection or decision relating to that particular position in the Credit Union.

## **Confidentiality**

137. An Officer or employee of the Credit Union shall not disclose to any person any information regarding any transaction of a Member of the Credit Union except in so far as may be necessary for the proper conduct of the business of the Credit Union, and in keeping with the Statements of Principle and Code of Practice for Approved Persons (APER). On appointment, all Officers and employees of the Credit Union shall sign a confidentiality agreement to ensure the confidentiality of all business conducted by the Credit Union.

138. Rule removed at the March 2018 AGM

## **Indemnity**

139. Any Officer of the Credit Union shall be indemnified by the Credit Union against all costs, losses and expenses which such Officer may incur or become liable for by reason of any contract entered into or any act or thing done by him or her in discharging their duties as authorised by the Board of Directors, and the Board is empowered to pay the amount of such indemnity out of the funds of the Credit Union.

## **ACCOUNTS, AUDIT, ANNUAL RETURNS AND RULES**

### **Appointment of auditor**

140. A qualified auditor shall be appointed in each year of account to audit the Credit Union's accounts and balance sheet. In this Rule 'qualified auditor' means a person who is a qualified auditor under Section 91 of the Co-operative and Community Benefit Societies Act 2014. The appointment of an auditor shall be ratified by a majority vote of the Members at an Annual General Meeting.

141. None of the following persons shall be appointed as an auditor of the Credit Union:

- a. An Officer or employee of the Credit Union;
- b. A person who is the partner of, or in the employment of, or who employs, an Officer or employee of the Credit Union.

### **Availability of accounts**

142. The Credit Union shall keep a copy of the latest balance sheet, together with the report of the auditor, displayed in a conspicuous place at the Registered Office. The Credit Union shall supply free of charge, to every Member or person interested in the funds of the Credit Union who applies for it, a copy of the latest audited accounts of the Credit Union.

### **Filing of accounts with the relevant Authority**

143. The Credit Union shall, within the time period allowed by the relevant Authority, send to the relevant Authority such returns as may be required, relating to its affairs during the year of account covered by the return. The Annual Return shall be accompanied by a copy of the audited accounts of the Credit Union for the year.

### **Auditor's entitlement to attend meetings**

144. The auditor shall be entitled to attend any general meeting of the Credit Union, to receive all notices of the communications relating to any general meeting which any Member of the Credit Union is entitled to receive, and to be heard at any meeting which he or she attends on any part of the business of the meeting which concerns him or her as auditor.

### **MAINTENANCE OF MEMBERS' ACCOUNTS**

#### **Inspection of accounts**

145. Any Member or person having an interest in the funds of the Credit Union may inspect their own account and the books containing the names of Members, including the particulars required to be kept in the Register of Members, at all reasonable hours at the Registered Office or at any place where the same are kept, subject to such Regulations as to the time and manner of such inspection with regard to Rule 19.
146. All books of account and other records of the Credit Union shall at all reasonable times be available for inspection by the auditor, the Board of Directors, Supervisory Committee, or other persons duly authorised on their behalf.

#### **Record of account**

147. A statement of account shall be issued to each Member in writing, at least annually, or upon their request.

#### **Conducting transactions**

148. Any person may pay money into a Member's account on account of shares or a reduction of loan capital or interest outstanding. Only the Member themselves may enter into a loan agreement or make a withdrawal from their share account. As well as formal notices of Power of Attorney, the Credit Union shall have the discretion to accept an authenticated request in writing from an incapacitated Member permitting a named person to conduct transactions on the Member's behalf. The Credit Union shall take all reasonable steps to assure itself of the validity of each request made in writing and shall be indemnified by the Member in the event of a subsequent dispute.

#### **Nominations**

149. A Member may in accordance with the law nominate any person(s) to whom any of their property in the Credit Union at the time of their death shall be transferred (subject to the provisions of the law as to amount and the persons to whom a valid nomination may be made).
150. On receiving satisfactory proof of death of a Member who has made a nomination the Board shall, if and to the extent that the nomination is valid under the law, either transfer or pay in accordance with the law the full value of the property comprised in the nomination to the person entitled.

### **Claims on accounts of deceased, bankrupt or insolvent Member**

151. Upon a claim being made by the personal representative of a deceased Member, or the Trustee in Bankruptcy of a bankrupt Member or the liquidator or administrator in the winding up of a Corporate Member to any property in the Credit Union belonging to the deceased, bankrupt or Corporate Member the Directors shall pay such property to which the personal representative, trustee liquidator or administrator has become entitled.

### **Incapacity**

152. Subject to the provisions in the last sentence of this Rule, where in the case of a Member or person claiming through such a Member, the Directors of the Credit Union are satisfied after considering appropriate medical evidence that such a Member or person is mentally incapable of managing their own affairs and are also satisfied that no person has been duly appointed to administer their property on their behalf and it is deemed just and expedient to do so by the Board of Directors, the Credit Union may pay the amount of any shares, loans and deposits belonging to such Member or person to any person who they judge proper to receive it on their behalf. This Rule shall not apply where such a Member or person is a patient under the Mental Health 1983 and any subsequent amendments made under the Mental Health Act 2007 or under the Mental Health (Care and Treatment) (Scotland) Act 2003.

### **SEAL**

153. If the Credit Union has a seal, it shall only be used by the Authority of the Board of Directors acting on behalf of the Credit Union. Every instrument to which the seal shall be attached shall be signed by a Director and countersigned by a second Director or the Secretary.

### **AMENDMENTS TO RULES**

#### **Amendments to Rules**

154. The Rules of the Credit Union may not be amended except by a resolution passed by not less than two thirds of the Members present and eligible to vote at a general meeting of the Credit Union. Notice of the proposed alteration must be given in writing alongside the notice of the meeting.
155. Any Member of the Credit Union may, before the first day of October in any year, propose an amendment to the Rules by serving notice of the proposed amendment to the Board of Directors who must incorporate the proposed amendment in the Agenda of the next general meeting of the Credit Union.
156. No amendment of Rules shall be valid until registered with the relevant Authority. When submitting Rule amendments for registration the Secretary may at their sole discretion accept any alterations required or suggested by the relevant Authority without reference back to a further Special General Meeting of the Credit Union.

## **COMPLAINTS AND DISPUTES**

### **Internal complaints procedure**

157. A formal written complaints procedure shall be maintained by the Credit Union and made available to all Members and junior savers. The Credit Union shall aim to resolve a complaint and send a final response within eight weeks of the receipt of a complaint (or such other time period as may be prescribed by the relevant Authority).
158. If a complainant remains dissatisfied at the completion of the Credit Union's internal complaints procedure, and from the date of receipt of the Credit Union's final response, the complainant shall have six months (or such other time period as may be prescribed by the relevant Authority) within which to refer their complaint to the Financial Ombudsman Service.
159. Complainants who remain dissatisfied following a formal decision by the Ombudsman may jointly agree with the Credit Union to refer their complaint or dispute to the County Court, or in Scotland the Sheriffs Court, who shall in accordance with section 83 of the Friendly Societies Act 1992, hear and determine such dispute. The County Court or Sheriffs Court shall have the power to order the expenses of the determining the dispute to be paid either out of the funds of the Credit Union or by such party to the dispute as it shall think fit, and such determination and order shall be binding and conclusive on all parties without appeal and shall not be removable into any court of law or restrainable by injunction.

## **DISSOLUTION**

160. The Credit Union may be dissolved:
  - a. On its being wound up in pursuance of an order or resolution made as is directed in regard to companies by the Insolvency Act 1986;
  - b. In accordance with Part 9 Section 119 of the Co-operative and Community Benefit Societies Act 2014

### **Distribution of funds on dissolution**

161. If on the dissolution of the Credit Union there remains after the payment of debts, repayment of Non-Deferred Share capital, discharge of all other liabilities and repayment of Deferred Shares any surplus assets whatsoever, such assets shall not be paid or distributed among the Members of the Credit Union but shall be:
  - a. Transferred to another credit union;
  - b. If not so transferred, applied for charitable purposes as may be determined by the Members of the Credit Union in general meeting.

## **MEMBERSHIP OF THE ASSOCIATION**

162. Rule removed at March 2018 AGM.
163. Rule removed at March 2018 AGM.

## INTERPRETATIONS

164. In these Rules, the following terms shall, unless the context requires otherwise, have the meanings attached to them:

“CUA 1979” means the Credit Unions Act 1979 or any successor Act and/or Order.

“Address” means a postal address or, in the case of Corporate members the registered address; or, in the case of an unincorporated partnership or association an address agreed by resolution of the partnership or governing body; or for the purposes of electronic communication, a fax number, email address or telephone number for receiving text messages.

“Amendment” in relation to the Rules of the Credit Union includes the addition of any new Rule or the deletion of any existing Rule.

“Approved Person” means an individual authorised by the relevant Authority to perform a controlled function within the Credit Union.

“Association” means the Association of British Credit Unions Limited, or its successor body.

“Board” and “Board of Directors” means the Committee of management of the Credit Union.

“Credit Union” means the registered society.

“Corporate Member” unless the context requires otherwise has the meaning attached to it in section 5A (6) of CUA 1979.

“Corporate Representative” means an Individual authorised by resolution of the governing body of an incorporated body to represent it;

“Data Protection Act 1998” means this Act or any successor legislation.

“Deferred Shares” has the meaning attached to it by section 31A of CUA 1979.

“Deposit(s)” shall have the meaning attached to it by the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 – SI2001/544 (or any successor Act and/or Order).

“Designated Representative” means a partner authorised by resolution of the partners of a partnership (that is not a body corporate) or a member of a governing body authorised by the governing body of an un-incorporated association to represent it;

“Director” means a member of the Board of Directors of the Credit Union.

“Dividend Bearing Non-Deferred Shares” means a share issued on terms which entitle the shareholder to dividend but no interest.

“Financial Services Compensation Scheme” means this Scheme and any successor scheme.

“FSMA” means the Financial Services and Markets Act 2000 or any successor legislation.

“Co-operative and Community Benefit Societies Act 2014” means Act and any successor Act and/or Order

“Interest Bearing Non-Deferred Shares” means a share issued on terms which entitle the shareholder to interest but no dividend.

“Issue Document” shall be the document produced in accordance with any issue of Deferred Shares of the Credit Union.

“Member” has the meaning attached to it under these Rules, and unless the context requires otherwise includes individuals, corporate bodies and Designated Representatives of unincorporated associations or partnerships.

“Money Laundering Regulations 2007” means these Regulations or any successor Regulations.

“Non-Deferred Share(s)” means a share issued as per Rules 35 to 41.

“Officer” includes any chair, vice-chair, non-executive director of finance, deputy non-executive director of finance, secretary, other elected Director, member of any Committee or servant of the Credit Union, other than an employee appointed by the Board of Directors,

but it does not include an auditor appointed by the Credit Union in accordance with the provisions of these Rules.

“Non-Qualifying Member” means those Members outlined in Rule 11 of these Rules.

“Ombudsman” means the Financial Ombudsman Service or any successor body.

“Relevant Authority” means the Financial Conduct Authority, Prudential Regulation Authority or any successor bodies.

“Regulations” means regulations made by the Treasury in a statutory instrument and Rules made by the relevant Authority.

“Relative” has the same meaning as in Section 31 of the CUA 1979;

“Rules” means the Credit Union’s registered Rules unless the context indicates otherwise.

“Share” and “Shares” shall include both Non-Deferred Shares and Deferred Shares.

“Treasury” means HM Treasury or any successor body.

“Writing” means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.

Words implying the singular or plural include the plural or singular respectively.