

Rules

of

Credit Union Limited

Member of the Association of British Credit Unions Limited



ABCUL Model Rulebook for Credit Unions 2007

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Section A: Name, Registered Office, Objects, Permissions & Powers

Rule 1 – Name

- 1 The name of this credit union shall be
.....
..... Credit Union Limited hereinafter referred to as
'the credit union'.

Rule 2 – Registered Office

- 2 The registered office of the credit union shall be
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.....
or at such other place as may from time to time be determined by the Board of Directors.

Rule 3 – Objects

- 3 The objects of the credit union shall be:
- a. the promotion of thrift among its members 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.

Rule 4 – Permissions

- 4 (1) The Board of Directors shall be responsible for ensuring that the credit union obtains and maintains authorisation through a Part IV Permission to accept deposits under the Financial Services and Markets Act 2000.
- (2) The Board of Directors may apply for, and maintain, any other Permission contained within Part IV of the Financial Services and Markets Act 2000.

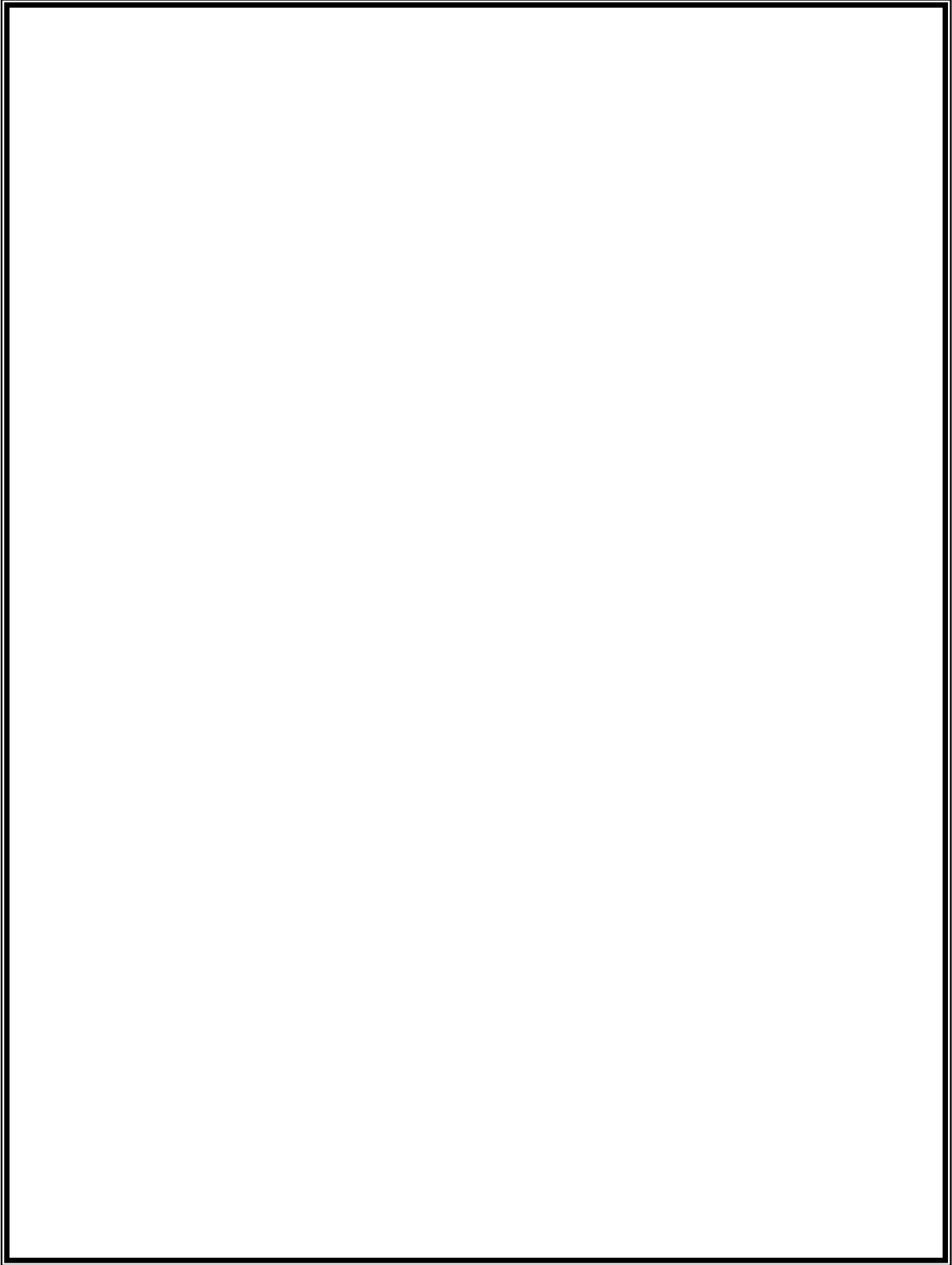
Rule 5 – Powers

- 5 The credit union shall have full power, subject to law and the FSA requirements attached to any Permission held, to do all things necessary or expedient for the accomplishment of its objects.

Rule 6 – 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
 - b. to contribute towards the economic regeneration of the community
- provided that these are only pursued within the objects of the credit union in accordance with Rule 3.

Insert common bond map here (if referred to in Rule 7)



Section B: Membership

Rule 7 – Common bond qualification for membership

7 (1) The qualification for admission to membership of the credit union shall be
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.....
.....
.....
so that in consequence thereof there shall be a common bond between all the members.

(2) A person who is a member of the same household as, and is a relative of, a member of the credit union who fulfils the qualification for admission in paragraph (1) of this rule directly, shall be deemed to be qualified for and eligible for membership.

Rule 8 - Individual membership and joint accounts

- 8 (1) Only individuals shall be members of the credit union. Membership is not open to any organisation or body whether incorporated or unincorporated nor to any individual acting as a representative of such a body.
- (2) An individual may hold more than one account in the credit union.
- (3) The credit union may offer a joint account facility to members. A joint account shall only be available to two individuals who each qualify for, obtain and continue to hold individual membership, under the common bond qualification. The credit union shall establish a procedure on the operation of a joint account.
- (4) 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, become the property of the survivor.

Rule 9 – Non-qualifying members

- 9 (1) A member of the credit union who ceases to qualify for membership shall become a “non-qualifying member”. A non-qualifying member may retain their membership and voting rights in the credit union, and continue to acquire shares and to receive loans subject to the provisions of these rules.
- (2) The number of non-qualifying members shall not exceed 10% of the total membership or such other permitted maximum as may be prescribed by law. If the number of members should exceed 10%, the Board of Directors shall take all practical steps to reduce this number below 10%. Ultimately the Board shall be required to expel from membership those members who have most recently become non-qualifying members, subject to Rules 14 to 16.

Rule 10 – Junior depositors’ conversion to adult membership

10 Subject to any additional policy and procedures that may be established by the Board of Directors, a junior depositor shall convert to adult membership upon reaching the age of 16.

A member between 16 and 18 years of age may not be an officer of the credit union and may not receive loans nor act as a guarantor for loans. Full membership rights shall be granted automatically upon the member reaching the age of 18.

Rule 11 – Applications for membership

- 11 An applicant for membership may be admitted to membership only when:
- a. it has been determined that he or she fulfils the common bond qualification for entry to membership; and
 - b. he or she has completed and submitted a membership application form; and
 - c. he or she has provided their date of birth and sufficient evidence to prove their identity and address, as required to comply with all relevant laws, regulations and rules established in respect of money laundering prevention; and
 - d. he or she has paid an annual membership fee of an amount recommended from time to time by the Board of Directors and agreed by members at the AGM. Such fee shall be returned to him or her if their application is refused; and
 - e. he or she has paid for at least a £1 share in the credit union;
 - f. he or she has been formally accepted into membership through a procedure established by the Board of Directors.

Section C: Cessation of Membership

Rule 12 – Cessation of membership

- 12 A person shall cease to be a member of the credit union:
- a. on their voluntary withdrawal from the credit union in accordance with Rule 13; or
 - b. on death; or
 - c. at the discretion of the Board of Directors, membership shall be withdrawn if a member's share balance is not brought up to the minimum shareholding established by the Board, in accordance with Rule 22 within 6 months of admission to membership, or is reduced to below the minimum shareholding established by the Board, and he or she fails to take remedial action as described in Rule 22;
 - d. on their expulsion from the credit union in accordance with Rules 14 to 16.

Rule 13 – Withdrawing from membership

- 13 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 currently in force. Members with an outstanding liability to the credit union shall be required to settle their account prior to being permitted to withdraw from membership.

Rule 14 – Expulsion from membership

- 14 Subject to Rule 15, a member may 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. Such recommendation 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. 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, any of these Rules;
- b. divulging confidential information obtained by reason of being an officer of the credit union;
- c. deceiving the credit union with regard to the purpose of money borrowed and 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 false reports about the management of the credit union;
- f. wilfully making any entry, or erasure in, or omission from any passbook, record or return of the credit union with 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 Rule 18;
- i. using the credit union as a vehicle for committing an offence constituting money laundering as defined in the Money Laundering Regulations 1993 or subsequent legislation;
- 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 notes or other instruments through the credit union; or
- k. if, after admission, any declaration in their application for membership is found to be wilfully false or misleading 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 credit union staff or volunteers
- m. becoming a non-qualifying member in accordance with Rule 9(2)

provided that the member shall be given at least ten days' notice of the joint meeting of the Board of Directors and of the Supervisory Committee and of the intention to expel him or her and shall be given an opportunity of being heard or represented at the joint meeting.

Rule 15 – Notice of expulsion

- 15 The notice of expulsion shall be sent by special delivery to the last known address and shall include a reference to Rule 16. 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 determination of their appeal under Rule 16, if any, whichever is the later.

Rule 16 – Appeal against expulsion

- 16 A member shall have 14 days from receipt of a notice of expulsion to request an appeal against their expulsion. The Board of Directors shall, upon the written request of a member on whom notice of expulsion has been served in accordance with Rule 15, 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 him or her. The member shall have the right to be represented and heard at such general meeting. The special general meeting shall have power, by a majority decision of members' present, to confirm the member's expulsion or to direct that he or she shall remain a member of the credit union.

Rule 17 – Liability of expelled member

- 17 (1) 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.
- (2) The amount deposited by a member who withdraws or is expelled shall be paid to him or her as funds become available, but only after all monies owed by him or her 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 intention of withdrawal. No payment of any description shall be paid to such a member unless all their liabilities to the credit union have been or shall subsequently be fully discharged.

Rule 18 – Dormant accounts

- 18 (1) If after the date of registration of this rulebook a period of 12 months passes during which there have been no 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 discretion to declare that the account has become dormant. The Board may take account of any extenuating circumstances in making this determination.
- (2) The Board of Directors shall have the discretion to levy an annual membership fee on each dormant account, of such sum as may be recommended from time to time by the Board of Directors and agreed by members at the AGM.
- (3) In relation to a member who does not comply with the minimum shareholding requirement set out in Rule 22, and whose membership is dormant, the Board of Directors may declare the balance on their account, or accounts, to be forfeit to the credit union and their membership withdrawn in accordance with the provisions of Rule 22 (c);
- (4) In relation to a member who does comply with the minimum shareholding requirement set out in Rule 22, but whose membership is dormant, the credit union may alert the member to the dormancy by following this procedure:
- a. the credit union shall send a letter to the member's last known address notifying the member that there have been no transactions on their account (or accounts if they have more than one) during the last 12 months, and providing the member with a six week period to determine their future use of their account or accounts;
 - b. the letter shall contain information on reactivating or closing the account and withdrawing from membership.
 - c. Reference shall be made to these Rules which permit the credit union to charge an annual membership fee;
 - d. The letter shall refer to Rule 18(5) which enables the credit union to remove dormant accounts into a suspense account and subsequently expel the member from membership.
- (5) If the member does not reactivate or close their account or accounts within six weeks of receipt of the letter from the credit union, the Board of Directors has the discretion to:
- a. hold any monies within the account or accounts of such member in a suspense

- account pending the member's subsequent withdrawal of their money, or activity on the account;
- b. charge the annual membership fee;
 - c. expel the member from membership in accordance with Rule 14(h).

Section D: Shares

Rule 19 – Shares

- 19 (1) The nominal value of each share shall be £1. A member must purchase and hold at least one obligatory membership share. The Board of Directors has the discretion under Rule 22 to require an individual to hold a minimum shareholding of a sum not exceeding £5 as a condition of remaining in membership of the credit union.
- (2) Shares shall be withdrawable subject to the provisions of Rule 21.
- (3) Shares shall not be transferable and the credit union shall not issue to a member a share certificate denoting ownership of a share.

Rule 20 – Maximum shareholding

- 20 No member shall have, or claim an interest in, shares of the credit union exceeding £10,000 (or such other amount as may be prescribed by law) or 1.5 per cent of the total shareholdings in the credit union, whichever is the greater figure. The maximum shareholding limit on a joint account shall be double the limit on an individual account. For the purpose of calculating an individual's shareholding, the amounts held separately in an individual and joint account shall be amalgamated. For the purpose of these rules, the total shareholdings in the credit union shall be taken to be the total shareholdings as shown in the most recent annual return to have been sent to the FSA pursuant to Rule 80.

Rule 21 – Withdrawing shares

- 21 (1) Subject to paragraph 2 of this rule, money paid in on shares, or instalments for the acquisition of shares, may be withdrawn on any day when payment for shares may be made. However, if required, the credit union may request up to sixty days' notice from a member to withdraw shares.
- (2) If a member is in default as a borrower, or a withdrawal of shares would reduce a member's paid-up shareholding in the credit union to less than their total liability (including contingent liability) to the credit union, whether as a borrower, guarantor or otherwise, the Board of Directors shall have discretion to consider a share withdrawal request. This discretion may be exercised through laying down a comprehensive policy for use by officials of the credit union.

Rule 22 – Minimum shareholding

- 22 The minimum shareholding required to remain in membership of the credit union shall be a sum not exceeding £5 as may be determined by the Board of Directors. The Board of Directors shall have discretion to withdraw membership from any member whose account has not been brought up to the minimum shareholding requirement within 6 months of

admission to membership, or any member whose account is reduced below the minimum shareholding, through adopting the following procedure.

- a. Written notice to their last known address shall be sent to any such member.
- b. The notice shall require the member to increase their share balance to the minimum required shareholding or withdraw their shares within 6 months of the date of the notice.
- c. If the member has not taken action under Rule 22(b) the balance on the account may be declared by the Board of Directors to be forfeit to the credit union and membership shall be withdrawn at the same date.

Rule 23 – Insuring shares

- 23 The Board of Directors of the credit union shall enter into arrangements with a person carrying on the business of insurance for the purpose of providing insurance cover on the members' shareholdings in the credit union. Any monies paid to the credit union by virtue of the said insurance arrangements shall be credited to the share account of the insured member subject to the provisions of Rule 20.

Rule 24 – Financial Services Compensation Scheme

- 24 Members' shares and junior deposits are protected by the Financial Services Compensation Scheme, subject to the current terms of the Scheme that may be in existence.

Rule 25 – Junior deposits

- 25 The credit union may, if the directors so determine, take deposits up to a total of £10,000, or such higher maximum sum as may be prescribed by law, or 1.5% of the total shareholding of the credit union, whichever is the greater, from a minor who upon the age of majority would be qualified to become a member of the credit union, subject to rule 10 of these rules.

Section E: Loans

Rule 26 – Loans to members

- 26 (1) The credit union may make to a member who is aged 18 years or older a loan for a provident or productive purpose. The Board of Directors shall determine from time to time the loan policy which shall apply to all members. The loan policy shall include:
- a. the maximum amounts available for loans
 - b. any limits or requirements that may be attached to secured and unsecured loans
 - c. the rate of interest charged on loans (not to exceed a rate as may be prescribed by law)
 - d. the application procedure for loans.
- (2) 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 loan to members above such limit as may be prescribed by law or rules established by the FSA.
- (3) Two members agreeing to take out a loan on a joint account shall be held jointly and severally liable for repayment of the loan.

(4) 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.

Rule 27 – Guarantors

27 A credit union member can use their shares to guarantee another member's loan. A director, committee member, officer or employee of the credit union is prohibited from acting as a guarantor for a member's loan from the credit union.

Rule 28 – Loans to officers and employees of the credit union

28 (1) A director, committee member or other officer or employee of the credit union may, as a member of the credit union, be granted a loan by the credit union subject to Rule 73. Such a member may not be involved in the decision on the loan and such a loan may not be approved solely by a loan officer. The Supervisory Committee shall be informed of the details of every such loan granted within 14 days of its approval.

(2) A credit union must not make a loan to one of its officers or approved persons on terms more favourable than those available to other members of the credit union unless that person is a paid employee (other than a director) of the credit union;

(3) A credit union must not make a loan to a relative of, or any person otherwise connected with, an officer, approved person or paid employee of the credit union on terms more favourable than those available to other members of the credit union.

Rule 29 – Insuring members' loans

29 The Board of Directors shall enter into arrangements with a person carrying on the business of insurance for the purpose of providing insurance coverage on the liability of any member to the credit union.

Rule 30 – Recovering loans from members

30 (1) 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.

(2) 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.

(3) The credit union shall have a lien on any shares of a member for any debt due to it by the member or for any debt which the member has guaranteed, and may set off any sum standing to the member's credit, including any shares, interest rebate and dividends, in or towards, payment of such debt.

Section F: Application of Surplus

Rule 31 – Calculation of profit

- 31 In ascertaining the profit or loss resulting from the operations of the credit union during any year of account, all operating expenses in that year shall be taken into account (including payments of interest) and provision shall be made for depreciation of assets, for tax liabilities and for bad and doubtful debts.

Rule 32 – Building institutional capital

- 32 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 FSA.

Rule 33 – Distribution of surplus

- 33 Following compliance with the capital adequacy requirements established by the FSA, 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 34, in the payment to members of dividends on the amount of their paid-up shares;
 - c. subject to Rule 35, 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 a dividend and/or rebate of loan interest has been paid - for social, cultural or charitable purposes.

Rule 34 – Dividend on shares

- 34 (1) The maximum amount payable as dividend shall not exceed eight per cent per annum (or such other maximum rate as may be prescribed by law). If a surplus has been achieved, and dividends are payable, the Board of Directors may recommend the rates of any dividend payments for declaration by the members at an Annual General Meeting.
- (2) At each AGM members may be formally asked to delegate to the Board such powers as may be necessary to declare interim dividends and establish differentiated dividend rates on different term share accounts, subject to any regulatory restrictions on the credit union's operations. No dividend declared and authorised for payment by the members in general meeting shall exceed the rate recommended by the Board of Directors.
- (3) Any dividend shall be declared on all full shares held during the preceding financial year 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 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.

Rule 35 – Rebate of interest on loans

35 Provided that a dividend on shares has been recommended by the Board of Directors in accordance with Rule 34, 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.

Rule 36 – Payment of dividends and interest rebates

36 Dividends 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 him or her to the credit union whether as 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 share holding permitted by Rule 20.

Section G: Members' Meetings

Rule 37 – Attendance at members' meetings

37 Meetings of the credit union shall be either annual general meetings or special general meetings. Every member holding at least the minimum shareholding established by the Board of Directors shall be entitled to attend such meetings on the production of such evidence as the Board of Directors may from time to time determine.

Rule 38 – Time and location of Annual General Meeting

38 The annual general meeting shall be held within seven months of the end of the financial year at such date, time and place as the Board of Directors may by resolution determine.

Rule 39 – Notification of members' meetings

39 (1) At least 14 and not more than 30 days before the date of a meeting of members, the secretary shall cause written notice of the date, time and place of the meeting to be given to each member. If the credit union maintains any office or place of business that is readily accessible to members at which regular business hours are maintained, the Board may also give notice of any meeting by posting notice in a conspicuous place of business of the credit union where it may be read by the members, including any internet site or email bulletin service operated by the credit union, at least 14 days prior to the meeting. Written notice shall be sent to the auditor and to the Association.

(2) When notice of a meeting has been given in accordance with Rule 39(1) the accidental omission to give notice to any member or the non-receipt of the notice by any member shall not invalidate any resolution passed or any proceedings taken at the meeting.

Rule 40 – Special General Meeting called by the Credit Union

40 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 of the credit union may for good and sufficient reason convene a special general meeting of members for any purposes not specifically provided for elsewhere in these rules.

Rule 41 – Special General Meeting at members’ request

41 (1) Upon an application, signed by one-tenth of the total number of members, or 100 members, whichever is the lesser number, delivered to the credit union at its registered office, 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 announcement of the meeting. No business other than that stated in the announcement shall be conducted at the meeting.

(2) If, within one month from the date of the receipt in the registered office of such application, the directors have not convened a special general meeting to be held within six weeks from the said date, any three members of the credit union acting on behalf of the signatories to the application may convene a special general meeting, and they shall have a claim on the credit union for any costs properly incurred in convening such a meeting in accordance with the procedure laid down by Rule 39.

(3) In order to ensure the continuation of the credit union, a Special General Meeting which results in a vote of no confidence in the board, and the removal of one or more directors or committee members from position, will require any newly elected officer to apply for, and obtain approved persons status immediately following their election and before carrying out the function. A newly elected individual refused approved person status by the FSA 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.

Rule 42 – Business at a Special General Meeting

42 A special general meeting shall not conduct any business that has not been 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.

Rule 43 – Quorum

43 10% of the members of the credit union or 15 members, whichever is the lesser number, shall constitute a quorum. A meeting may proceed to business if a quorum is present within half an hour after the time fixed for the commencement of the meeting. Otherwise the meeting, if a special general meeting convened on the requisition of members, shall be dissolved. If an annual general meeting or a special general meeting convened by order of the Board of Directors or the Supervisory Committee, it shall stand adjourned to a later date within 30 days when the meeting so adjourned may proceed to business whatever the number of members present. No meeting shall become incompetent to transact business from the want of a quorum arising after the chair has been taken.

Rule 44 – Adjournment

44 (1) Any meeting of members may, for good and sufficient reason at the discretion of the

chairperson, be adjourned.

(2) The provisions concerning notice, voting and quorum set out in these Rules shall apply to an adjourned meeting of members and no business shall be transacted at such a meeting other than the business appearing on the agenda and left unfinished at the meeting at which the adjournment took place.

Rule 45 – Voting rights

45 Each member shall have only one vote on each question at a meeting of members of the credit union irrespective of the size of their shareholding in the credit union or the number of accounts held. A member of the credit union may not vote by proxy at a general meeting of the credit union.

Rule 46 – Voting procedures

46 Elections for the Board of Directors and committees of the credit union shall be by secret ballot. All other votes at a general meeting shall be by show of hands. Subject to any special provision contained in these Rules or law all resolutions shall be carried by a simple majority of votes cast

Rule 47 – Chairperson

47 Every meeting of members shall have a chairperson, who shall not vote unless the votes cast are equal, when he or she shall have a casting vote. The president of the credit union shall, if present, take the chair at any meeting. If the president is not present, the vice-president shall do so and if he or she is not present, the Board of Directors shall elect one from their number to do so.

Section H: Nominating and electing officers

Rule 48 – Nominations for election

48 (1) All nominees for election shall be members of the credit union and of full age. Nominations for the Board of Directors, the Supervisory and Credit Committee shall be in writing signed by a proposer and seconder who shall be members of the credit union and also by the nominee to indicate their consent, and shall be sent by hand or by post so as to reach the registered office of the credit union at least 3 days before the date of the annual general meeting.

(2) If there are outstanding vacancies, the chairperson of the meeting may call for further nominations from the floor. Such nominations, if duly seconded and if the nominee is present and consents or has given their consent in writing, shall be in order.

Rule 49 – Nominating Committee

49 The Board of Directors may appoint a nominating committee of not less than 3 members of the credit union. The nominating committee shall ascertain the number of vacant posts requiring elected candidates and ensure that there is at least one suitable candidate to

recommend to the AGM for each vacancy for which an election is to be held. In making their recommendation, the nominating committee shall ascertain that the nominee is “fit and proper” to become authorised as an approved person. The nominating committee shall adhere to any policy established by the board in relation to the election of representatives. The nominating committee shall also be responsible for identifying and recommending potential co-options on 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.

Rule 50 – Election of officers

- 50 (1) Two tellers shall be appointed and elections shall be in the following order:
- a. election for membership of the Board of Directors;
 - b. election for membership of the Credit Committee (if established); and
 - c. election for membership of the Supervisory Committee

Each member present shall be entitled to vote in each election. The votes shall be counted by the tellers and recorded by the Supervisory Committee.

(2) The result of each election shall be announced by the Chairperson. Candidates shall be placed in descending order of the number of votes cast for them, and those candidates placed highest in the election, equivalent to the number of vacancies to be filled, shall be declared elected; provided that, where there are more candidates nominated than the number of vacancies, no candidate shall be declared elected unless he or she has received votes from a majority of members voting in the election. In the event of all vacancies not being filled by the first election, a further election or elections shall be taken, the candidates in each election being all the remaining unelected nominees.

(3) Notwithstanding the provisions of Rule 50(1), if for any election the number of nominees does not exceed the number of vacancies to be filled, a motion to dispense with the election procedure set out in Rule 50(1) and to declare elected all the nominees for that election may be proposed to the annual general meeting. If such a motion is carried by a majority vote of the members present at the meeting, the chairperson shall declare the nominees for that election to be duly elected.

Rule 51 – Terms of office

- 51 A newly registered credit union shall require all officers to retire at the first annual general meeting following the authorisation of the credit union. Of the officers then elected one-third (or the nearest number thereto) receiving the lowest number of votes shall retire at the second annual general meeting following the registration of these rules, one-third (or the nearest number thereto) receiving the next highest number of votes shall retire at the third annual general meeting following the registration of these rules, and the remainder shall retire at the fourth annual general meeting following the registration of these rules. Thereafter each officer shall retire at the third annual general meeting following their election. A retiring officer may immediately stand again for election.

Section I: Directors

Rule 52 – Number of Directors

- 52 The number of directors of the credit union shall be not less than 5 or more than a maximum determined from time to time by agreement of members at the AGM. Directors (other than directors appointed under Rule 56) shall be elected at an annual general meeting in accordance with Rule 46. The Board of Directors has the power to propose a policy on Election of Representatives to an AGM to ensure the Board consists of representatives of all areas, sections and diverse groups covered by the credit union.

Rule 53 – Prohibition of certain persons as officers

- 53 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 FSA, or who is an undischarged bankrupt, 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 in 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.

Rule 54 – Failure to attend meetings

- 54 Any director who without due excuse accepted by the Board fails to attend 3 consecutive meetings shall, if the directors so resolve, be deemed to have vacated their office, and the casual vacancy so created shall be filled as provided by Rule 56.

Rule 55 – Vacation of office

- 55 Elected individuals 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 person status is withdrawn by the FSA;
 - c. they are adjudged bankrupt or make an arrangement or composition with their creditors;
 - d. they are in contravention of Rule 53;
 - e. they become a patient within the meaning of Part VII of the Mental Health Act 1983 or, in Scotland, the Mental Health (Scotland) Act 1960;
 - f. they resign their office by notice in writing to the secretary or to the president or to the Supervisory Committee;
 - g. they are deemed to have vacated their office in accordance with Rule 54;
 - h. 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 under the provisions of Rule 41 provided that

such a director shall be given at least 14 days notice of the meeting and of the intention to remove him or her from office;

- i. they become an employee of the credit union; or
- j. 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;
- k. 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.

Rule 56 – Casual vacancy

- 56 A casual vacancy on the Board of Directors shall, as soon as practicable, be filled by a vote of the majority of directors then holding office. A co-opted director so appointed shall hold office for the remainder of the unexpired term of that office. A newly co-opted director shall adhere to the requirements established by the FSA in respect of obtaining approved persons status, prior to taking up an active role in the management of the credit union.

Rule 57 – Timing and notification of meetings

- 57 Regular meetings of the boards of directors shall be held not less often than once in every month, the date, time and place to be decided by the directors. All meetings shall be summoned in such a manner as the Board may from time to time determine.

Rule 58 – Quorum

- 58 A majority of the number of the directors at any time (inclusive of any vacancies) shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if there is not a quorum the meeting may be adjourned to any date not less than 2 nor more than 30 days from the date of the meeting. The quorum for such adjourned meeting shall be 3 directors or such greater number as the Board may have by resolution previously determined.

Rule 59 – Voting

- 59 Questions arising at any meeting of directors shall be decided by a majority of votes. Each director shall have one vote on any matter provided that the chairperson of the meeting shall have a casting vote in the case of an equality of votes.

Rule 60 – Requesting a special meeting

- 60 The president, or in their absence the vice-president, may call a special meeting of directors at any time, and shall do so on receipt of a request in writing signed by at least 3 directors. The president, or in their absence the vice-president, shall fix the date, time and place of such a meeting, unless the Board of Directors by resolution prescribes otherwise.

Rule 61 – Delegation of powers

- 61 The authority of the board resides within a properly constituted meeting of the Board of

Directors. Outside of a board meeting an individual director or directors have only 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 in accordance with Rule 64. Committees shall consist of such of their own number together with such other individuals as the Board think appropriate who shall have clear terms of reference and conform in all respects to the instructions, including any requirements regarding reporting, given to them by the Board of Directors.

Rule 62 – Validity of actions

- 62 All acts carried out by any meeting of the directors or of a committee or by any director acting in pursuance of any authority duly given shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment or qualification of any director, be as valid as if such director had been duly appointed or qualified.

Rule 63 – Payment of expenses and honoraria

- 63 (1) Subject to the provisions of Rule 63(2) no member of the Board of Directors, nor any committee member, shall be paid for their service other than such reasonable out of pocket expenses as may be approved by a majority vote of the Board of Directors may be reimbursed.

(2) At the end of a financial year, the Treasurer and any assistant treasurer may receive such honoraria as may from time to time be approved, prior to the payment of such remuneration, by resolution of the annual general meeting of members, as provided in Rule 64(o).

Rule 64 – Responsibilities of directors

- 64 Subject to law and these Rules, the Board of Directors shall have the general direction and control of the affairs of the credit union and shall be responsible for performing all the duties customarily performed by the Board of Directors. The Board's responsibilities include but are not limited to the following:
- a. ensuring that the credit union complies with all statutory and regulatory requirements attached to all regulatory permissions held by the credit union;
 - b. ensuring that the credit union operates within the remit of these registered rules;
 - c. establishing appropriate policies and procedures and systems of control to enable the safe and efficient operation of the credit union;
 - d. maintaining a working business plan sufficient to enable the development of the credit union;
 - e. maintaining in force insurance against fraud and other dishonesty as required by the FSA, and making any other insurance arrangements necessary or desirable for the protection of the credit union and its members;
 - f. employing and determining the terms of employment, remuneration and pension arrangements of such person or persons as the Board of Directors considers necessary for the purposes of the credit union;
 - g. delegating to employees the authority to establish and perform the operational functions of the credit union;

- h. managing the loan business of the credit union including determining interest rates on loans;
- i. establishing a policy on declaration of dividend payments
- j. recommending for approval by the annual general meeting dividends, rebates of interest and, subject to regulatory constraints, the ability to declare interim dividends and differentiated dividend accounts;
- k. establishing the charges payable on any ancillary services offered by the credit union;
- l. determining the range of financial products that may be offered by the credit union;
- m. making decisions in respect of the investment of surplus funds of the credit union;
- n. filling any casual vacancy in the office of auditor, or in any office in the credit union, other than the Supervisory Committee, subject to Rule 56 and Rule 77;
- o. recommending any honorarium which the treasurer or any assistant treasurer may receive for their services on behalf of the credit union, subject to the approval of the annual general meeting provided that the annual general meeting may not increase the amount so recommended by the Board of Directors;
- p. paying any expenses necessarily incurred by an officer, delegate or representative of the credit union in carrying out the business of the credit union;
- q. remunerating necessary clerical and auditing assistance employed or utilised by the Supervisory Committee;
- r. purchase, hold, lease, sub-lease, rent, sell, mortgage, manage and develop property and land required for the purpose of conducting the business of the credit union thereon; acquire, erect, pull down, repair, alter, remove or re-erect buildings, walls and fences on such land; and otherwise deal with such land and property and any rights thereover and any interest therein on behalf of the credit union;
- s. borrow money for the credit union subject to regulatory limits
- t. determine the authorised bank or banks for the deposit of funds of the credit union and the signatories to cheques or other written instruments on behalf of the credit union;
- u. adopt a common seal or, subject to Rule 91, alter the same;
- v. remove from office any or all of the officers and committee members, except members of the Supervisory Committee, for failure to perform their duties or breach of these rules;
- w. suspend any or all of the members of the Supervisory Committee as provided for in Rule 71;
- x. during the absence or disability of any officer, co-opt another member of the credit union to act temporarily in their stead, provided that such appointment shall cease upon the resumption by such officer of their duties;
- y. cause to be kept proper books of accounts with respect to the transactions of the credit union, its assets and liabilities;
- z. submit the accounts of the credit union for audit at least once a year;
- aa. establish and terminate such committees as it deems necessary or desirable from time to time to facilitate the operations of the credit union; define and amend as necessary the terms of reference of such committees; and appoint and remove members of such committees;
- bb. make arrangements for annual general meetings, Board meetings and other meetings as deemed necessary from time to time;
- cc. convene a special general meeting whenever it thinks fit;
- dd. administer any fund set aside out of the surplus funds or profit of the credit union;

- ee. perform or authorise any action consistent with law and these Rules not specifically reserved to the members by law or these Rules; and
- ff. take all such actions as may be required to ensure that the credit union complies with the legislation and regulation currently in force concerning systems, controls and training to prevent money laundering;
- gg. take appropriate steps to assure the security and integrity of any information technology systems used by the credit union, including ensuring that the credit union complies with legislation currently in force concerning data protection;
- hh. perform such actions consistent with law, regulatory requirements and these Rules as the members in general meeting may from time to time require to be done.

Rule 65 – Election of office holders

- 65 As soon as possible following the annual general meeting, the Board of Directors shall elect from its number a president who shall be chairperson; a vice-president who shall be vice-chairperson; a treasurer and a secretary of the credit union. A person so elected shall hold office until the election of their successor.

Rule 66 – Chairing meetings

- 66 (1) Subject to any specific provision contained in these Rules, the president or, in their absence the vice-president, shall preside at meetings of members and at meetings of the Board of Directors. He or she shall perform such other duties as he or she may be directed to perform by the Board of Directors not inconsistent with the provisions of law or of these Rules.
- (2) If neither the president nor the vice-president is present or willing to act within 15 minutes after the time appointed for the beginning of a meeting, the other directors present shall elect one of their number to be chairperson of the meeting.

Section J: Credit Committee and Loan Officer

Rule 67 – Role and responsibilities

- 67 (1) The credit union shall have a Credit Committee which will remain in existence unless the members at an AGM pass a majority vote in favour of a motion from the Board of Directors to disband the Credit Committee.
- (2) The Board of Directors shall agree and set the Terms of Reference under which the Credit Committee operate. Their number may be inclusive of one director of the credit union appointed by the Board of Directors, the remaining number shall be elected in accordance with the provisions of Rule 50.
- (3) The Credit Committee shall be responsible for monitoring the credit union's loan business, loan assessment and making recommendations on policy changes to the Loan and Credit Control Policies for agreement by the Board.
- (4) The Credit Committee, with the permission of the Board of Directors, shall have the power to delegate operational aspects of their work to one or more Loans Officer(s). Any

delegation shall clearly outline the specific limits within which the Loans Officer(s) can operate.

Section K: Supervisory Committee

Rule 68 – Role and responsibilities

- 68 (1) The credit union shall have a Supervisory Committee. The Board of Directors and Supervisory Committee shall agree the Terms of Reference under which the Supervisory Committee operates. Members of the Supervisory Committee shall not be members of the Board of Directors, or any other permanent committee of the credit union, or be employed by the credit union, and shall be elected in accordance with the provision of Rule 50.
- (2) If a vacancy occurs, the Supervisory Committee shall have the power to co-opt a replacement for the remaining term of office. The Supervisory Committee shall be notified of all meetings and be entitled to attend such meetings. The Supervisory Committee shall report each year to the annual general meeting of members. The Supervisory Committee or members thereof have the right to attend any meeting of the board or its committees.
- (3) The Supervisory Committee has the power to recommend to the Board, that the internal audit function be outsourced. The Supervisory Committee shall be responsible for ensuring that the internal audit function is performed in accordance with prescribed terms of reference. The Supervisory Committee shall be responsible for submitting reports to the Board.

Rule 69 – Suspension from office

- 69 The Supervisory Committee may, by unanimous vote of its entire membership at a special 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 such officer or officers shall be given an opportunity of being heard and/or represented.

Rule 70 – Special General Meeting called by Supervisory Committee

- 70 Whenever an officer of the credit union has been suspended from office by the Supervisory Committee under the preceding Rule and within seven days thereof has not submitted their resignation, the Supervisory Committee shall convene a special general meeting of the credit union to be held not later than 30 days after such suspension. If the majority of the members present at such meeting so signify by secret ballot they may:
- a. ratify the suspension and remove from office the person so suspended and determine the manner in which the vacancy so caused shall be filled and, notwithstanding the provisions of these Rules fill the vacancy at the meeting subject to any regulatory requirements on approved persons being met;

- b. rescind the suspension by the Supervisory Committee; or
- c. remove from office any other officer of the credit union (whether or not he or she has been suspended by the Supervisory Committee) and determine the manner in which the vacancy so caused shall be filled and, notwithstanding the provisions of these Rules, fill such vacancies at such meeting;
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 such special general meeting of which he or she shall be given 14 days notice in writing.

Rule 71 – Suspension from Supervisory Committee

71 The Board of Directors may, by a majority vote of its entire membership at a special meeting called for the purpose, suspend from office the Supervisory Committee or any member thereof, for any grave and sufficient reason.

Rule 72 – Suspension procedure

72 Whenever a member or members of the Supervisory Committee has been suspended from office under the preceding Rule and within seven days of 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 30 days after such 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 determine the manner in which the vacancy so caused shall be filled, and, fill such vacancy at such meeting;
- b. rescind the suspension by the Board of Directors; or
- 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 so caused shall be filled, and notwithstanding the provisions of these Rules fill such vacancy at such meeting;

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 such special general meeting of which he or she shall be given 14 days notice in writing.

Section L: Officers and Servants

Rule 73 – Conflict of interest

73 (1) No director, committee member 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 upon 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 shall withdraw from the meeting and the remaining qualified 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 a vacancy.

(2) Any director or committee member 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.

Rule 74 – Confidentiality

74 (1) 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 therewith except in so far as may be necessary for the proper conduct of the business of the credit union, and in keeping with the Statement of Principles of Approved Persons. On appointment, all officers and employees of the credit union shall sign a confidentiality agreement to ensure the confidentiality of business conducted by the credit union.

(2) The credit union shall comply with the requirements of the Data Protection Act 1998 or any subsequent legislation concerning the protection of data.

Rule 75 – Indemnity

75 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 discharge of 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.

Rule 76 – Failure to fulfil office

76 (1) If an officer of the credit union fails to attend three consecutive meetings the Board of Directors may resolve that the officer has vacated their office, and the casual vacancy so created shall be filled as provided by Rule 56.

(2) An officer who has failed to perform the duties of their office shall be provided with reasonable notice and an opportunity to be heard prior to the Board of Directors determining whether the office should be declared vacant and filled as provided by Rule 56.

(3) Paragraph (1) and (2) shall not empower the Board to remove from office any member of the Supervisory Committee.

Section M: Accounts, Audit, Annual Returns and Rules

Rule 77 – Appointment of auditor

77 (1) There shall be appointed in each year of account a qualified auditor 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 7 of the Friendly and Industrial and Provident Societies Act 1968 or its successors.

(2) None of the following persons shall be appointed as an auditor of the credit union:
a. an officer or servant of the credit union;

- b. a person who is a partner of or in the employment of or who employs an officer or servant of the credit union;
- (3) The appointment of an auditor shall be ratified by resolution of an annual general meeting of the credit union.

Rule 78 – Auditor’s entitlement to attend meetings

78 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.

Rule 79 – Availability of accounts

- 79 (1) The credit union shall keep a copy of the latest balance sheet, together with the report of the auditor, always displayed in a conspicuous place at its registered office.
- (2) The credit union shall supply free of charge a copy of the last audited accounts of the credit union to every member of the credit union on individual request.

Rule 80 – Filing of accounts with the FSA

80 The credit union shall, within the time period allowed by law and regulation, send to the FSA such returns as may be required, relating to its affairs during the period covered by the return. The annual return shall include a copy of the report of the auditor on the credit union's accounts for such a period and a copy of each balance sheet made during that period and of any report of the auditor on that balance sheet.

Rule 81 – Availability of rules

81 The secretary shall supply to any person applying on payment of an amount not exceeding £1 (or such other sum as may from time to time be prescribed by law) a copy of the Rules of the credit union and any amendments thereto.

Section N: Maintenance of members’ accounts

Rule 82 – Maintenance of register

82 The credit union shall keep at its registered office a register of members containing the following details:

- a. the names and addresses of its members;
- b. a statement of the number of shares held by each member, of the amount paid on the shares of each member and the date and manner in which any share ceased to be held by any member;
- c. a statement of other property in the credit union, whether in loans or otherwise, held by each member;
- d. the date at which each member was entered in the register as a member, and the date at which any person ceased to be a member; and

- e. the names and addresses of the officers of the credit union with the offices held by them respectively and the dates on which they assumed office.

The register shall be so constructed that it is possible to inspect the particulars therein mentioned in paragraphs (a), (d) and (e) of Rule 82 without exposing to inspection the other particulars entered therein. This is a democratic requirement to enable members to petition other members for a special general meeting.

Rule 83 – Inspection of accounts

83 (1) 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 mentioned in paragraphs (a), (d) and (e) of Rule 82 entered 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 as may be made from time to time by the general meetings of the credit union.

(2) 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.

Rule 84 – Record of account

84 Numbered passbooks or statements of accounts shall be issued to members. Money paid in or out on account of shares, loans, interest and entrance fees shall be evidenced by an appropriate voucher or receipt or by entries in a member's passbook or statement. A passbook or statement of account shall itemise all transactions. A printed statement of account shall be issued to each member, at least annually, or on their request.

Rule 85 – Conducting transactions

85 Any person may pay money into a member's account on account of shares or a reduction of loan or interest. Only the member himself or herself 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 discretion to accept a written signed request from an incapacitated member permitting a named individual to conduct transactions on the member's behalf. The credit union shall take all reasonable steps to assure itself of the validity of each written request, and shall be indemnified by the member in the event of a subsequent dispute.

Rule 86 – Nominations

86 A member may in accordance with the law nominate any person or persons to whom (subject to the provisions of the law as to amount and the persons to whom a valid nomination may be made) any of their property in the credit union at the time of their death shall be transferred.

Rule 87 – Payment to nominee

87 On receiving satisfactory proof of death of a member who has made a nomination the directors 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. The nominee shall sign a written statement indemnifying the credit union against a subsequent greater claim arising.

Rule 88 – Claims on accounts of deceased or bankrupt members

88 Upon a claim being made by the personal representative of a deceased member or the trustee in bankruptcy of a bankrupt member to any property in the credit union belonging to the deceased or bankrupt member the directors shall transfer or pay such property to which the personal representative or trustee in bankruptcy has become entitled as the personal representative or trustee in bankruptcy may direct them.

Rule 89 – Incapacity

89 Subject to the provisions in the last sentence in this paragraph, where in the case of a member or person claiming through such a member, the directors of the credit union are satisfied after considering medical evidence that such member or person is incapable through disorder or disability of mind 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 proved to the satisfaction of the directors that it is just and expedient so to do, the credit union may pay the amount of any shares, loans, and deposits belonging to such member or person to any person whom they shall judge proper to receive it on their behalf, whose receipt shall be a good discharge to the credit union for any sum so paid. The foregoing shall not apply when such member or person is a patient within the meaning of Part VII of the Mental Health Act 1983 or under the Mental Health (Scotland) Act 1983, or is a person as to whom powers are exercisable and have been exercised under section 98 of the Act.

Section O: Amendments to Rules

Rule 90 – Amendment to rules

90 (1) Any of these Rules may be rescinded or altered or any new rule may be made by a resolution passed by a two thirds majority at an annual general meeting or a special general meeting specifically called for that purpose. Notice of the proposed alteration must be given at the same time as the notice of meeting.

(2) Any member of the credit union may, before the first day of October in any year, propose an amendment of rule by serving notice of the proposed amendment, duly seconded, on the Board of Directors whose duty it shall be to incorporate the amendment in the agenda of the next annual general meeting or special general meeting.

(3) No amendment of Rules shall be valid until registered with the Financial Services Authority.

Section P: Complaints and disputes

Rule 91 – Internal complaints procedure

91 A formal written internal complaints procedure shall be maintained by the credit union and made available to members and junior savers. The credit union shall aim to resolve a complaint and send a final response within eight weeks of receipt of the complaint (or such other time period as may be prescribed by the FSA).

Rule 92 – Financial Ombudsman Service

92 If a complainant remains dissatisfied at the completion of the credit union's internal complaints procedure, and on 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 FSA) within which to refer their complaint to the Financial Ombudsman Service.

Rule 93 – Court referrals

93 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 Sheriff's Court shall have power to order the expenses of determining the same to be paid either out of the funds of the credit union or by such party to the dispute as he or she 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.

Section Q: Dissolution

Rule 94 – Dissolution

94 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; or
- b. by an instrument of dissolution to which not less than three fourths of the members of the credit union have given their consent testified by their signatures to the instrument.

Rule 95– Distribution of funds on dissolution

95 If on the dissolution of the credit union there remain after the payment of debts, repayment of share capital and discharge of all other liabilities 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; or
- b. if not so transferred, applied for charitable purposes as may be determined by the members in general meeting.

Section R: Membership of ABCUL

Rule 96 – Membership of the Association

96 (1) The credit union shall be and remain a member of the Association and shall, subject to law and these rules, abide by the rules and by-laws of the Association as laid down from

time to time for its members.

(2) The Association shall have the right to be represented, to speak and be heard at any meeting of the members of the credit union.

(3) On withdrawing, or being expelled from the Association, the requirement in Rule 97(1) shall cease to apply and the credit union shall register a rule amendment to effect deletion of Rule 97.

Section S: Interpretation

Rule 97 – Interpretation of terms

97 In these rules, the following terms shall, unless the context requires otherwise, have the meanings ascribed to them:

Words importing the singular or plural include the plural or singular respectively, and words importing the masculine gender only shall include the feminine gender.

"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 FSA to perform a controlled function within a credit union.

"Association" means the Association of British Credit Unions Ltd, or its successor

"Board" and *"Board of Directors"* means the committee of management of the credit union elected in accordance with the provisions of these rules.

"credit union" means a society registered under the Industrial and Provident Societies Act 1965 by virtue of Section 1 of the Credit Unions Act 1979.

"deposit" shall have the meaning ascribed to it by the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 – SI2001/544.

"FSA" means the Financial Services Authority or its successors.

"officer" includes any president, vice president, treasurer, assistant treasurer, secretary, other elected director, loan officer, 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.

"relative" in Rule 7(2) shall have the meaning ascribed to it by Section 31(1) of the Credit Unions Act 1979, or subsequent legislation which amends this definition in relation to credit unions.

"regulations" means regulations and rules made by the Financial Services Authority or by Treasury within a statutory instrument.

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