

Rules of
KINGDOM
Credit Union Ltd.

(Registered under the Industrial and Provident Societies Act 1965)

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Interpretation

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

"**Address**" means a postal address or, in the case of bodies corporate 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 approved by the Relevant Authority to perform a designated controlled function in the Credit Union.

"**Board**" and "**board of directors**" means the committee of management of the Credit Union elected in accordance with these rules.

"**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 a body corporate to represent it;

"**Credit Union**" means the registered society.

"**Credit Unions Act**" means the Credit Unions Act 1979 or any successor Act and/or Order.

"**CUA 1979**" means the Credit Unions Act 1979.

"**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)**" has 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 an officer or a member of a governing body authorised by the governing body of an unincorporated 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, other than a Deferred 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.

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

"**Industrial and Provident Societies Act 1965**" means this Act and any successor Act and/or Order.

"**Interest Bearing Non-Deferred Shares**" means a share, other than a Deferred Share, issued on terms which entitle the shareholder to interest but no dividend.

“[Issue Document](#)” means the document produced in accordance with any issue of Deferred Shares of the Credit Union.

“[League](#)” means the Scottish League of Credit Unions or its successors.

Legislative Reform (Industrial and Provident Societies and Credit Unions) Order 2011 means this Order and any successor legislation.

“[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 [Rule 19](#).

“[Non-Qualifying Member](#)” means those Members defined by section 5(5) CUA 1979 and outlined in [Rule 8](#) of these Rules.

“[Officer](#)” includes any president, vice president, treasurer, or treasurer designated as general manager, assistant treasurer, secretary, loan officer, member of 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.

“[Ombudsman](#)” means the Financial Ombudsman Service or any successors.

“[Regulator](#)” means the Financial Services Authority or its successors under law.

“[Regulations](#)” means the rules made by the Financial Services Authority or the regulations made by the Treasury within a statutory instrument.

“[Relative](#)” has the same meaning as in Section 31 of the CUA 1979.

“[Relevant Authority](#)” means the Financial Services Authority or any successor bodies.

“[Rules](#)” mean the Credit Union’s registered Rules unless the context indicates otherwise.

“[Share\(s\)](#)” includes 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 importing the singular or plural include the plural or singular respectively, and words importing the masculine gender only, shall include the feminine gender.

Section 1 Registered Office, Objects and Powers

Rule 1 Credit Union Name

Rule 1.1 The name of this Credit Union shall be:

Kingdom Credit Union Limited (herein referred to as "the Credit Union")

Rule 2 Credit Union Registered Office

Rule 2.1 The registered office of the Credit Union shall be at:

Main Street, Methilhill, Fife, KY8 2DP

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

Rule 3 Credit Union Objects

Rule 3.1 The objects of the Credit Union shall be:

- Rule 3.1.a The promotion of thrift among its Members by the accumulation of their savings;
- Rule 3.1.b The creation of sources of credit for the benefit of its Members at a fair and reasonable rate of interest;
- Rule 3.1.c The use and control of Members' savings for their mutual benefit; and
- Rule 3.1.d The training and education of Members in the wise use of money and in the management of their financial affairs.

Rule 4 Permissions, Power to accomplish objectives and Social Goals

Rule 4.1 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.

Rule 4.2 The Credit Union shall have full power, subject to 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, including but not limited to the establishment of a Death Benefit Fund.

Rule 4.3 The Credit Union, may, by resolution of its Board of Directors, adopt one or both of the following additional social goals within its policies:

- Rule 4.3.a To contribute towards the alleviation of poverty within the community
- Rule 4.3.b To contribute towards the economic regeneration of the community
- Rule 4.3.c Provided that these are only pursued within the scope of the objects of the Credit Union.

Attach common bond map here
(If referred to in [Rule 5](#))

Section 2 Membership

Rule 5 Membership Qualification

Rule 5.1 Admission to Membership of the Credit Union is restricted to:

An individual who resides or is employed in the locality delineated on the attached map. A corporate body, 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 has a place of business in the above locality.....

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Rule 6 Limitations on membership

Rule 6.1 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.

Rule 7 Joint Accounts

Rule 7.1 The Credit Union may offer a joint account facility to Members that are individuals. The Credit Union shall establish a procedure on the operation of a joint account.

Rule 7.2 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.

Rule 8 Non-Qualifying Members

Rule 8.1 A Member who ceases to fulfill 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 of the Credit Union, and continue to vote, acquire Shares and to receive loans subject to legislation and the provisions of these Rules.

Rule 8.2 The number of Non-Qualifying Members shall not exceed 25% of the total membership. If the number of Non-Qualifying Members should exceed 25% at any time then the Board of Directors shall take steps to reduce this number to or below 25%. 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.

Rule 9 Junior savers

Rule 9.1 The credit union may take deposits from a person who would otherwise qualify for membership of the credit union according to [Rule 5](#) of these rules and is under the age at which, defined in [Rule 9](#) of these rules; he may become a member.

Rule 9.2 A junior saver, who is eligible for membership of the credit union according to [Rule 5](#) of these rules, shall convert to 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

Rule 9.3 The Credit Union may, if the Directors so determine, take Deposits up to a total of £15,000 or 1.5 per cent (or such other sum as may be permitted by the Relevant Authority), of the total non-deferred shares of the Credit Union from a junior saver of the Credit Union, whichever is the greater.

Rule 10 Application for Membership

Rule 10.1 An applicant for Membership may be admitted to Membership only when:

Rule 10.1.a They fall within the common bond and as a result qualify for admission to membership;

Rule 10.1.b 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;

Rule 10.1.c 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;

Rule 10.1.d 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

Rule 10.1.e They hold and have paid for at least a £1 Share in the Credit Union

Section 3 Cessation of Membership

Rule 11 Cessation of Membership

- Rule 11.1 A person shall cease to be a member of the Credit Union;
- Rule 11.2 They cease to qualify for admission for membership as specified in [Rule 5](#) and subject to [Rule 8](#);
- Rule 11.3 They die, or if a body corporate, it is wound up or goes into liquidation; or
- Rule 11.4 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
- Rule 11.5 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:
- Rule 11.5.a any loans held by the Member are repaid in full;
- Rule 11.5.b any Non-Deferred Shares held by the Member are repaid in full by the Credit Union;
- Rule 11.5.c any deferred shares are transferred to another member of the credit union in accordance with [Rule 20](#).
- Rule 11.5.d If the partnership or unincorporated association wishes to appoint another Designated Representative then that representative should make an application for membership as per [Rule 10](#);
- Rule 11.6 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
- Rule 11.7 By virtue of being a Corporate Member of the Credit Union who has been expelled in accordance with [Rule 6](#);
- Rule 11.8 They voluntarily withdraw from the Credit Union in accordance with these Rules; or
- Rule 11.9 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 21](#) 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 21](#); or
- Rule 11.10 They are expelled by the Credit Union in accordance with these Rules.

Rule 12 Withdrawal from Membership

- Rule 12.1 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.
- Rule 12.2 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 s31A CUA 1979.

Rule 13 Expulsion from Membership

- Rule 13.1 Subject to [Rule 15](#), a member may be expelled from Membership of the Credit Union by resolution of the majority present at a meeting of the Board of Directors, augmented by the Supervisor/Supervisory Committee, for a grave and sufficient reason including, but not limited to the following:
- Rule 13.1.a willful and persistent breach of, or refusal to comply with, any of Rules;
- Rule 13.1.b divulging confidential information obtained by reason of being an officer of the Credit Union;
- Rule 13.1.c deceiving the Credit Union with regard to the purpose of money borrowed therefrom and its subsequent use;
- Rule 13.1.d default and continual refusal to honour a debt; the loan repayment terms of which had been agreed in a signed loan agreement;
- Rule 13.1.e maliciously and knowingly spreading false reports about the management of the finances of the Credit Union;
- Rule 13.1.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;
- Rule 13.1.g actively working against the interests of the Credit Union and/or its membership;
- Rule 13.1.h using the Credit Union as a vehicle for committing an offence constituting money laundering as defined in the Money Laundering Regulations 2007;
- Rule 13.1.i allowing their Membership to become dormant and failing to rectify the situation in accordance with [Rule 16](#);
- Rule 13.1.j abusive behaviour towards Credit Union staff or volunteers;
- Rule 13.1.k becoming a non-qualifying member in accordance with [Rule 8](#);
- Rule 13.1.l committing an offence of dishonesty against the Credit Union, wilfully destroying or damaging records or other property of the Credit Union, or passing forged note or other instruments through the Credit Union;
- Rule 13.1.m 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 qualifications 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;

Rule 14 Notice of Expulsion

Rule 14.1 The member shall be given, in Writing, 14 clear day's notice of the meeting, the intention to expel him or her and shall be given an opportunity of being heard and/or represented at the meeting.

Rule 14.2 Any subsequent notice of expulsion shall not become effective until 30 days after the date of service of such notice of expulsion or until the determination of their appeal, if any, under [Rule 15](#), whichever is the later.

Rule 15 Appeal against Expulsion

Rule 15.1 The Board of Directors shall upon written request of the member on whom the notice of expulsion has been served in accordance with [Rule 14](#), received not later than 30 days after the date on which such notice has been served to him or her convene a Special General Meeting of the Members to consider the matter of their expulsion. Such a member shall have the right to be represented and heard at such a meeting. The Special General Meeting shall have the power, by a majority decision, to confirm the member's expulsion or to direct that he or she shall remain a member of the Credit Union.

Rule 16 Dormant Membership

- Rule 16.1 If during a period of 12 months no transactions have taken place on the account(s) of a member 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.
- Rule 16.2 Subject to [Rule 17](#), the Board of Directors shall have the discretion to levy an annual administration fee on each dormant account.
- Rule 16.3 In relation to a member whose account complies or is higher than the minimum shareholding level in [Rule 21](#), the Credit Union may alert the member to the dormancy by following this procedure:
- Rule 16.3.a The Credit Union shall contact in Writing at the last known address and inform the member that their account(s) have had no transactions for the previous 12 months and inform them that they must contact the Credit Union within three months to determine the future of their account.
- Rule 16.3.b The letter shall contain information on reactivating or closing the account and withdrawing from Membership.
- Rule 16.3.c The letter shall refer to [Rule 16.4](#) which enables the Credit Union to remove dormant accounts into a suspense account and subsequently expel the member from Membership.
- Rule 16.4 If after a period of three months the member does not respond and/or reactivate their account (or accounts) from receipt of the letter (as per [Rule 16.3.a](#) from the Credit Union, the Board of Directors has the discretion to:
- Rule 16.4.a Hold any monies within the account pending the member's subsequent withdrawal of their money, or activity on the account, and to declare such monies forfeit to the Credit Union after a period of fifteen years;
- Rule 16.4.b Charge the annual administration fee of an amount that does 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.
- Rule 16.4.c Expel the Member from membership in accordance with [Rule 13.1.i](#)

Rule 17 Annual Administration Fee

- Rule 17.1 The board of Directors shall have the discretion to levy an annual administration fee on all Members, of such sum not exceeding £5 per annum as may be determined by the Board of Directors from time to time and agreed by the Members at the annual general meeting. The Board of Directors shall have the absolute discretion to waive any administration fee in relation to a member whose account is not dormant

Section 4 Shares

Rule 18 Shares

- Rule 18.1 The Credit Union may offer Non-Deferred Shares and Deferred Shares. The nominal value of each Share shall be £1.
- Rule 18.2 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.
- Rule 18.3 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.
- Rule 18.4 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.
- Rule 18.5 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.

Rule 19 Non-deferred shares

Rule 19.1 Non-Deferred Shares shall be withdrawable subject to the provisions of [Rule 23](#).

Rule 19.2 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.

Rule 20 Deferred shares

Rule 20.1 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).

Rule 20.2 For any Deferred Share(s) issued to a Member, the Credit Union must transfer an equivalent amount (in full) to reserves.

Rule 20.3 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.

Rule 20.4 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 21](#) nor the maximum shareholding specified in [Rule 22](#).

Rule 21 Minimum Shareholding

- Rule 21.1 The minimum shareholding (excluding Deferred Shares) required to maintain Membership of the Credit Union is £5. The Board of Directors shall have the discretion to withdraw Membership from any member within six months of admission to Membership, or any member whose account is reduced below the minimum shareholding, through utilising the following procedure:
- Rule 21.1.a Written notice to their last known address shall be sent to any such member.
- Rule 21.1.b Such notice shall require the member to increase their share balance to £5 or withdraw their shares within 3 months of date of notice.
- Rule 21.1.c If the member has not taken action under [Rule 21.1.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 time.

Rule 22 Maximum Shareholding

- Rule 22.1 No Member shall have, or claim an interest in, Non-Deferred Shares of the Credit Union, exceeding £15,000 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.
- Rule 22.2 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.
- Rule 22.3 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.
- Rule 22.4 For the purpose of [Rule 22](#) 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.

Rule 23 Withdrawal of Shares

Rule 23.1 Subject to rules [Rule 23.2](#) and [Rule 23.3](#), 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.

Rule 23.2 For loans taken out before 8th January 2012, if a withdrawal of Non-Deferred Shares would reduce a Member's paid up shareholding (excluding Deferred Shares) 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 the discretion to consider a Non-Deferred Share withdrawal request. This discretion may be exercised through the drawing up of a policy and procedure for use by Officers and employees of the Credit Union.

Rule 23.3 For loans taken out after 8th January 2012, the terms of the loan must include provision as to whether, for the duration of the loan, the borrower is permitted to withdraw Non-Deferred Shares where their paid-up shareholding (excluding Deferred Shares) in the Credit Union is, or following the withdrawal would be, 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 the power to vary the terms of the loan agreement with the agreement of the borrowing Member, in line with contract law and with a written record of any change and the agreement of both parties.

Rule 24 Liability after Withdrawal or expulsion

Rule 24.1 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 will 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 such a member, unless all their liabilities to the Credit Union have been fully discharged or provision made therefor.

Rule 25 Insurance on Shares

Rule 25.1 The board of directors of the Credit Union may enter into arrangements with a person carrying on the business of insurance for the purpose of providing insurance cover on the life of the Members of the Credit Union in relation to their shareholding therein and 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 22](#).

Rule 26 Financial Services Compensation Scheme

Rule 26.1 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.

Section 5 Loans to Members

Rule 27 Provident and Productive Purpose

Rule 27.1 In accordance with the law, these rules and the policies laid down from time to time by the board of directors, the Credit Union may make to a member a loan, with or without security, for a provident and productive purpose.

Rule 27.2 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

Rule 28 Loan Policy

Rule 28.1 The board of directors shall determine from time to time a loan policy which shall apply equally to all Members. This shall include but not be limited to the following:

- Rule 28.1.a The maximum amounts available for individual loans
- Rule 28.1.b Any limits or requirement that may be attached to secured and unsecured loans; including loans secured on shares and loans with shares attached
- Rule 28.1.c Under what circumstances shares will be attached to a loan
- Rule 28.1.d The rate of interest charged on loans (not to exceed any maximum rate as may be prescribed by law)
- Rule 28.1.e The application procedure for loans

Rule 29 Maximum Loan

Rule 29.1 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 Relevant Authority.

Rule 30 Loans to Corporate Members

Rule 30.1 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% of the aggregate of the outstanding balances on all loans (or such other amount as prescribed by law).

Rule 31 Loans to Joint Accounts

Rule 31.1 Two Members agreeing to take out a loan on a joint account shall be held jointly and severally liable for repayment of loan.

Rule 31.2 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 32 Guarantors

Rule 32.1 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.

Rule 33 Loans to Directors, officers and employees of the Credit Union

Rule 33.1 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 33.2](#). 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.

Rule 33.2 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 a paid employee of the Credit Union.

Rule 33.3 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.

Rule 34 Insurance on Loans

Rule 34.1 The board of directors may 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 35 Recovery of Debt

Rule 35.1 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. 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.

Rule 35.2 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, death benefits, interest rebate and dividends, in or towards, payment of such debt.

Section 6 Application of Profits

Rule 36 Calculation of Surplus

Rule 36.1 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 37 Building Institutional Capital

Rule 37.1 The Credit Union shall out of its surplus each year establish and maintain reserves in accordance with the prudential rules on capital adequacy established by the Relevant Authority.

Rule 38 Distribution of Surplus

Rule 38.1 Following compliance with the capital adequacy requirements established by the Relevant Authority, the Credit Union may allocate any remaining surplus in the following manner:

Rule 38.1.a A voluntary transfer to further develop the institutional capital of the Credit Union;

Rule 38.1.b A voluntary transfer to any of the bad debt provisions;

Rule 38.1.c A voluntary transfer to an educational reserve as per [Rule 3.1.d](#);

Rule 38.1.d Subject to [Rule 39](#), in the payment to Members of dividends on the amount of their paid up Dividend Bearing Shares;

Rule 38.1.e Subject to [Rule 40](#), as a rebate of interest paid by or due from Members have received loans from the Credit Union, such rebate being proportional to the interest paid by or due from Members during that year of account; and

Rule 38.1.f After the above has been paid out, as a payment for social, cultural or charitable purposes.

Rule 39 Dividend on Shares

- Rule 39.1 The maximum amount payable as dividend on Dividend Bearing Shares shall not exceed 10% 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.
- Rule 39.2 If a decision has been made to dissolve the Credit Union then the dividend payable on Dividend Bearing Shares shall not exceed 8% per annum or any other rate as may be specified by order made by the Treasury.
- Rule 39.3 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.
- Rule 39.4 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 only be paid to those in membership of the Credit Union on the date that the dividend is declared.

Rule 40 Rebate of interest on loans

- Rule 40.1 Provided that a dividend on shares has been recommended by the Board of Directors in accordance with [Rule 39](#), a rebate on 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 as per [Rule 39](#).

Rule 41 Payment of dividends and interest rebates

- Rule 41.1 Dividends and interests rebates due to any member may be placed to the credit of their share balance, and shall so be 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 or interest rebate would increase their share holding in the Credit Union to an amount exceeding the maximum shareholding permitted by [Rule 22](#).

Section 7 Meetings of Members

Rule 42 Meetings of Members

Rule 42.1 Meetings of the Credit Union shall be either annual general meetings or Special General Meetings. Every member holding at least one share 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 43 Notification of member's meetings

Rule 43.1 At least 14 and not more than 30 days before the date of a general meeting, the Secretary shall send notice in Writing of the date, time and place of the meeting to each Member. In addition to the above, the Board may also give notice of any meeting by posting notice in a conspicuous place in a place of business of the Credit Union to which Members have access, including any electronic correspondence or website operated by the Credit Union, at least 14 days prior to the meeting.

Rule 43.2 Written notice shall be sent to the auditor and to the League.

Rule 43.3 A notice sent in Writing to a Member's Address shall be deemed to have been duly served forty eight hours after its posting. When notice of a general meeting has been given in accordance with these Rules 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 business undertaken at the meeting.

Rule 44 Annual General Meeting

Rule 44.1 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.

Rule 44.2 Should the Board of Directors fail to hold the Annual General meeting required under [Rule 44.1](#), then the Supervisor/Supervisory Committee can notify the Members and call the meeting independently.

Rule 45 Order of business at the Annual General Meeting

Rule 45.1 The order of business at the Annual General Meeting of the Members shall be:

Rule 45.1.a Ascertain a quorum is present as per [Rule 50](#);

Rule 45.1.b The reading and approval of the minutes of the last Annual General Meeting and of any intervening Special General Meeting;

Rule 45.1.c Board Report;

Rule 45.1.d Treasurer's Report;

Rule 45.1.e Auditor's Report

Rule 45.1.f Declaration of Surplus available for distribution and Board recommendation of application of same;

Rule 45.1.g Subject to permission, delegation of power to the Board to grant interim dividends, as per [Rule 39](#);

Rule 45.1.h Credit Committee Report;

Rule 45.1.i Supervisor's Report;

Rule 45.1.j Appointment of Auditors, as per [Rule 85](#);

Rule 45.1.k Elections;

Rule 45.1.l Any other business;

Rule 46 Special General meeting called by the Credit Union

Rule 46.1 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 Supervisor/Supervisory Committee may, for good and sufficient reason, convene a Special General Meeting for any purpose not provided for elsewhere in these rules.

Rule 47 Special General meeting called by the Members

Rule 47.1 Upon application signed by one tenth of the whole Membership, or 100 Members, whichever is the lesser number, delivered to the Credit Union at its registered address, the Board of Directors shall convene a Special General Meeting of Members, provided such an application states the business to be conducted.

Rule 47.2 If, within one month from the date of receipt of such application, the Directors have not convened a Special General Meeting to be held within six weeks of the said date, any three Members acting on behalf of the signatories to the application, may convene a Special General Meeting and shall have claim on the Credit Union for all costs properly incurred in convening such a meeting.

Rule 48 Special general meeting called by the supervisory committee

Rule 48.1 If an Officer of the Credit Union has been suspended from office by the supervisory committee using the procedure set out in [Rule 80](#) and has not tendered their resignation within 7 days of said suspension then the supervisory committee shall convene a Special General Meeting of the Credit Union to be held no later than 30 days following the suspension. If the majority of the Members present at such a meeting so vote by secret ballot they may:

Rule 48.1.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;

Rule 48.1.b Rescind the suspension;

Rule 48.1.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 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.

Rule 48.1.d 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.

Rule 49 Business at a Special General Meeting

Rule 49.1 A Special General Meeting shall not conduct any business not specified in the notice convening it.

Rule 49.2 An annual general meeting may be made a Special General Meeting for any purpose for 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 50 Quorum

Rule 50.1 10% of the Membership 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 commencement of the meeting. If after this time a quorum is not established the meeting shall be adjourned to a later date within 28 days when the meeting so adjourned may proceed to business whatever the number of Members present.

Rule 50.2 A Special General Meeting convened by the board of directors or the Supervisor(s), where a quorum cannot be established within the required time, shall be adjourned to a later date when the meeting may proceed to business whatever the number of Members present.

Rule 50.3 A Special General Meeting, convened on the requisition of the Members where a quorum cannot be established within the required time, shall be dissolved.

Rule 50.4 No meeting shall become incompetent to transact business from the want of a quorum arising after the chair has been taken.

Rule 51 Voting Rights

- Rule 51.1 Each member shall have only one vote on each question at a meeting of the Members of the Credit Union, irrespective of the size of their shareholding in the Credit Union.
- Rule 51.2 A member of the Credit Union may not vote by proxy at a Special General Meeting of the Credit Union.
- Rule 51.3 Votes at a Special General Meeting shall be a show of hands, unless a secret ballot is demanded by the Board of Directors or by 10 Members present at the meeting
- Rule 51.4 Subject to any provision of law or these rules, all resolutions shall be carried by a simple majority of votes cast.

Rule 52 Chairing the Meeting

- Rule 52.1 Every meeting of Members shall have a chairperson. The chairperson shall not vote unless the votes are equal, when he or she will have a casting vote.
- Rule 52.2 The president, or if he or she is not present, the vice president of the Credit Union shall take the chair.
- Rule 52.3 If the president or vice president is not present, the board of directors shall elect one of their number to chair the meeting.

Rule 53 Adjournment of Meetings

- Rule 53.1 Any meeting of the Members may for good and sufficient reason be adjourned at the discretion of the chairperson.
- Rule 53.2 The provisions concerning notice, voting and quorum shall apply to an adjourned meeting and no business other than that appearing on the original agenda and left unfinished shall be transacted.

Section 8 Nominating and Electing Officers

Rule 54 Nomination for Election

Rule 54.1 Subject to [Rule 58](#), 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:

- Rule 54.1.a In the case of an individual Member; be the individual
- Rule 54.1.b In the case of a partnership or an unincorporated association, be the Designated Representative
- Rule 54.1.c In the case of an incorporated body; be the Corporate Representative

Rule 54.2 Nominations for the board of directors and of the supervisor(s) 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 consent, and shall be sent so as to reach the registered office of the Credit Union at least 5 days before the date of the annual general meeting.

Rule 54.3 If, after all the nominations have been received, there remain 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 gives their consent, shall be in order.

Rule 55 Nominations Committee

Rule 55.1 The Board of directors may appoint a nominating committee of not less than 3 Members of the Credit Union. The nominations 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 an approved person. The nominations committee shall adhere to any policy established by the board in relation to the election of representatives. The nominations committee will 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 nominations committee to manage applications for approved person’s status.

Rule 56 Election of Officers

Rule 56.1 At the annual general meeting elections shall take place in the following order:

Rule 56.1.a Election for Membership of the Board of Directors; and
Rule 56.1.b Election as Supervisor or as a member of the Supervisory Committee

Rule 56.2 When for any election the number of nominees is equal to the number of vacancies to be filled the chairperson of the meeting shall ask the meeting to declare all nominees elected. Such a motion shall be carried by a show of hands.

Rule 56.3 Where for any election there is more than one vacancy to be filled and more nominees than there are vacancies, ballot papers shall be distributed to all Members present and eligible to vote. Tellers shall be appointed by the chairperson and approved by the meeting. Each member shall write on the ballot paper the names of the nominees of their choice, but only such numbers of nominees as there are vacancies to be filled. The tellers shall count the ballot papers and those nominees receiving the highest number of votes shall be declared elected so that all vacancies are filled.

Rule 56.4 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.

Rule 56.5 The Credit Union shall adhere to the requirements established by the Relevant Authority in respect of obtaining Approved Person status for elected Directors prior to them taking up an active role in the management of the Credit Union.

Rule 57 Prohibition of certain persons as Officers

Rule 57.1 A person who knows of any substantive reason why he or she may not be regarded as "fit and proper" to be authorised by the Relevant Authority, or who is an un-discharged bankrupt, or who is disqualified under the Company Directors Disqualification Act 1986, or has been convicted of any offence involving fraud or dishonesty, shall not:

Rule 57.1.a Act as an officer of the Credit Union; or
Rule 57.1.b Directly or indirectly take part in or be concerned with the management of the Credit Union; or
Rule 57.1.c Permit their name to be put forward for election or appointment to any office in the Credit Union.

Rule 57.2 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 that office.

Section 9 Directors

Rule 58 Board of Directors

Rule 58.1 The number of directors of the Credit Union shall not be less than 5 or more than 15 as may be determined from time to time by the board of directors. Directors, other than those appointed under [Rule 65](#), shall be elected at an annual general meeting by a show of hands or by a secret ballot, if so requested in accordance with [Rule 51](#). The Board of Directors has the power to divide itself into a number of constituencies to ensure that the board consists of representatives of all areas, employer groups, sections and other diverse groups covered by the Credit Union.

Rule 59 Terms of Office

Rule 59.1 Following the authorisation of the Credit Union all Officers shall retire at the first annual general meeting. At each subsequent annual general meeting one-third of the Officers, or if their number is not a multiple of three then the number nearest to one-third, shall retire from office. The Officers to retire shall be the Officers who have been longest in office since their last election. Where Officers have held office for the same amount of time the Officer to retire shall be decided by lot. A retiring Officer shall be eligible for re-election.

Rule 59.2 Regular terms of office for directors shall thereafter be three years

Rule 60 Regular Meetings

Rule 60.1 Meetings of the board of directors shall be held not less than once a month, the date, time and place to be decided by the directors.

Rule 60.2 All meetings shall be notified in such manner as the board may, from time to time, determine.

Rule 61 Requesting a Special Meeting

Rule 61.1 The president, or in their absence the vice-president, 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 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 62 Board Quorum

Rule 62.1 A majority of the directors shall constitute a quorum for the transaction of business at any meeting of the board.

Rule 62.2 The quorum for any adjourned meeting of the directors shall be three or such greater number as the board of directors shall decide by resolution. Notice of an adjourned meeting shall be given as provided for in [Rule 60](#).

Rule 63 Voting at Board Meetings

Rule 63.1 Questions arising at any meeting of directors shall be decided by a majority of votes.

Rule 63.2 Each director shall have one vote on any matter under consideration provided that the chairperson shall have a second or casting vote in the case of an equality of votes

Rule 63.3 A director may not vote by proxy at a meeting of the directors or any subcommittee of same.

Rule 64 Failure to attend meetings

Rule 64.1 Any director who without due reason accepted by the board fails to attend three consecutive board meetings shall, if the directors so resolve, be deemed to have vacated their office.

Rule 65 Casual Vacancy

Rule 65.1 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 for the remainder of the unexpired term of that office. 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.

Rule 66 Vacation of Office

- Rule 66.1 Elected and co-opted Officers serving the Credit Union shall immediately cease to hold office or committee position if:
- Rule 66.1.a They cease to be a member of the Credit Union;
 - Rule 66.1.b They are expected to perform a controlled function and fail to achieve authorisation as an approved person;
 - Rule 66.1.c They are performing a controlled function and their approved person status is withdrawn by the Relevant Authority;
 - Rule 66.1.d They are adjudged bankrupt or make a composition with their own creditors;
 - Rule 66.1.e They are in contravention of [Rule 57](#);
 - Rule 66.1.f 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;
 - Rule 66.1.g 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;
 - Rule 66.1.h They resign their office by notice in Writing to the secretary;
 - Rule 66.1.i They are deemed to have vacated their office in accordance with [Rule 64](#);
 - Rule 66.1.j They are removed by a resolution of a majority 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 47](#) 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;
 - Rule 66.1.k Become an employee of the Credit Union;

Rule 67 Delegation of Powers

- Rule 67.1 The authority of the board resides with 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. The board of directors may delegate any of their power to committees. Committees will consist of such of their own number together with such 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 68 Validity of Actions

Rule 68.1 All acts authorised by any meeting of the board of directors or of a committee or by any directors acting in pursuance of 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 69 Payments of Expenses and Honoraria

Rule 69.1 Any member of the board of directors, supervisory committee or officer may receive reasonable out of pocket expenses. Such expenses shall be approved by a majority vote of the board of directors

Rule 69.2 At the end of the year of account, 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 a resolution of the Members at the annual general meeting.

Rule 70 Responsibilities of Directors

Rule 70.1 Subject to law and these Rules, the board of directors shall have the general direction, development 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. This shall include but not be limited to the following:

Rule 70.1.a	Ensure that the Credit Union complies with all statutory and regulatory requirements attached to all regulatory permissions held by the Credit Union;
Rule 70.1.b	Establish appropriate policies and procedures and systems of control to enable the safe and efficient operation of the Credit Union;
Rule 70.1.c	Ensure that the Credit Union operates within the remit of these registered rules;
Rule 70.1.d	Maintain a working business plan sufficient to enable the development of the Credit Union;
Rule 70.1.e	Maintain a liquidity management policy to attain regulatory requirements;
Rule 70.1.f	Maintain in force insurance against fraud and other dishonesty as required by the Relevant Authority, and make any other insurance arrangements necessary or desirable for the protection of the Credit Union and its Members;
Rule 70.1.g	Employ and determine the terms of employment, remuneration and pension arrangements of such person(s) as the board of directors considers necessary for the purposes of the Credit Union;
Rule 70.1.h	Delegate to employees the authority to establish and perform the operational functions of the Credit Union;
Rule 70.1.i	Manage the loan business of the Credit Union, including determining interest rates on loans;
Rule 70.1.j	Establish a policy on declaration of dividend payments;
Rule 70.1.k	Recommend for approval by the annual general meeting dividends, rebates of interest and subject to regulatory permissions, the ability to declare interim dividends; and subject to regulatory constraints, establish differentiated dividend accounts;
Rule 70.1.l	Establish the charges payable on ancillary services offered by the Credit Union, subject to legal and regulatory limits;
Rule 70.1.m	Determine the range of financial products that may be offered by the Credit Union;
Rule 70.1.n	Fill any casual vacancy in the office of auditor, or in any office in the Credit Union subject to Rule 65 and Rule 85 ;
Rule 70.1.o	Recommend any honoraria which the Treasurer or 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 recommended by the board of directors;
Rule 70.1.p	Pay any expenses necessarily incurred by an officer, delegate or representative of the Credit Union in carrying out the business of the Credit Union;
Rule 70.1.q	Remunerate necessary clerical and auditing assistance employed or utilised by the supervisory committee;
Rule 70.1.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 property and any rights there over and any interest therein on behalf of the Credit Union;

Rule 70.1.s	Borrow money for the Credit Union subject to regulatory limits;
Rule 70.1.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
Rule 70.1.u	Adopt a common seal, or subject to Rule 99 alter the same;
Rule 70.1.v	Remove from office any or all of the officers and committee Members, except the supervisory committee, for failure to perform their duties or breach of these rules;
Rule 70.1.w	Suspend any or all of the members of the supervisory committee as provided for by Rule 81 ;
Rule 70.1.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 resumption by such officer or their duties;
Rule 70.1.y	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;
Rule 70.1.z	Cause to be kept proper books of account with respect to the transactions of the Credit Union, its assets and liabilities;
Rule 70.1.aa	Submit the accounts of the Credit Union for audit at least once a year;
Rule 70.1.bb	Make arrangements for annual general meetings, board meetings and other meetings deemed necessary from time to time;
Rule 70.1.cc	Convene a Special General Meeting whenever it thinks fit;
Rule 70.1.dd	Maintain a credit control policy;
Rule 70.1.ee	Administer any fund set aside out of the surplus funds of the Credit Union;
Rule 70.1.ff	Perform or authorise any action consistent with law and these Rules not specifically reserved to the Members by law, regulation or these Rules;
Rule 70.1.gg	Take all such actions as may be required to ensure that the Credit Union complies with legislation, regulation and policies relating to the prevention of money laundering;
Rule 70.1.hh	Take appropriate steps to assure the security and integrity of any information technology systems used by the Credit Union, including that the Credit Union complies with legislation and policies concerning data protection;
Rule 70.1.ii	Perform such actions consistent with the law, regulatory requirements and these Rules as the Members in general meeting may from time to time require to be done.

Rule 71 Executive Officers

Rule 71.1 Within seven days following the Annual General Meeting, the board of directors shall elect from amongst its number a president, who shall be the chair-person; a vice-president, who shall be the vice-chair person, a treasurer, and a secretary of the Credit Union.

Rule 72 President

Rule 72.1 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 the law or these Rules.

Rule 72.2 If neither the president, or in their absence the vice-president, is present within 15 minutes after the appointed time for the beginning of a meeting, the other directors present shall elect one of their number to be the chairperson of the meeting.

Rule 72.3 The position of President shall be held for no more than 5 consecutive years. Thereafter, 1 year shall pass before the position can be held again.

Rule 73 Secretary

Rule 73.1 The secretary shall give, or cause to be given, notice of all meeting of the Members and of the board and shall prepare and maintain minutes of all meetings and perform such other duties as the board may from time to time determine.

Rule 74 Treasurer

Rule 74.1 The treasurer shall perform all necessary duties related to the finance function of the Credit Union.

Section 10 Credit Committee

Rule 75 Establishment of Credit Committee

Rule 75.1 The Credit Union may have a credit committee. If the board of directors resolves that a credit committee be established then, subject to [Rule 67](#), it shall be a committee of between 3 and 5 persons, at least one of whom shall be chosen from among the directors then in office.

Rule 76 Responsibility of Credit Committee

Rule 76.1 A credit committee duly constituted under [Rule 75](#) shall monitor the Credit Union's loan business, consider and decide on loan applications. The committee shall have charge in recommending changes of loan policy to meetings of the directors.

Rule 77 Loan Officers

Rule 77.1 The board of directors may delegate the operational aspects of the credit committee to loan officer(s). Any delegation will clearly outline the specific limits within which the loan officer(s) can operate.

Section 11 Supervisor/Supervisory Committee

Rule 78 Establishment of Supervisor/Supervisory Committee

Rule 78.1 The Credit Union shall have at least one Supervisor. When there is more than one Supervisor they shall jointly constitute the Supervisory committee. 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 provisions of these Rules.

Rule 78.2 The board of directors shall establish and agree the terms of office under which the Supervisor/Supervisory Committee remains responsible for ensuring that the internal audit function is performed in accordance with the terms of reference. The Supervisory Committee remains responsible for submitting reports to the board of directors.

Rule 78.3 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.

Rule 79 Delegation of Functions

Rule 79.1 The Supervisor/Supervisory Committee has the power to recommend to the board that the internal audit function be outsourced. The Supervisor/Supervisory Committee remains responsible for ensuring that the internal audit function is performed in accordance with the terms of reference. The Supervisory Committee remains responsible for submitting reports to the board of directors.

Rule 80 Suspension from office

Rule 80.1 The supervisory committee may 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 to state their case and/or be represented.

Rule 81 Suspension Procedure

- Rule 81.1 When a Supervisor/member of the Supervisory Committee has been suspended from office under [Rule 70.1.w](#) 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 the suspension. If a majority of the Members present at such a meeting so signify by secret ballot they may:
- Rule 81.1.a Ratify the suspension and remove from office the person (or persons) so suspended and determine the manner in which the vacancy so caused shall be filled, and, fill such vacancy at meeting;
- Rule 81.1.b Rescind the suspension by the board of directors; or
- Rule 81.1.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.
- Rule 81.1.d Provided, however, that no person shall be removed from office under this Rule without being given an opportunity to be heard or represented at such Special General Meeting of which he or she shall be given 14 days notice in Writing.

Section 12 Officers and Employees

Rule 82 Conflict of Interest

Rule 82.1 No director, committee member or employee of the Credit Union shall 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 exists.

Rule 83 Confidentiality

Rule 83.1 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 except in so far as may be necessary for the proper conduct of business of the Credit Union, and in keeping with the Statements of Principle and Code of Practice for Approved Persons (APER).

Rule 83.2 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.

Rule 83.3 The Credit Union shall comply with the requirements of the Data Protection Act 1998 and any subsequent such legislation.

Rule 84 Indemnity

Rule 84.1 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 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.

Section 13 Accounts, Audit, Returns and Rules

Rule 85 Appointment of Auditor

Rule 85.1 There shall be appointed in each year of account a qualified auditor to audit the Credit Union's accounts and balance sheet. For the purposes of this Rule, a "qualified auditor" means a person who is a qualified auditor under Section 7 of the Friendly and Industrial and Provident Societies Act of 1968. The appointment of an auditor shall be ratified by a majority vote of the Members at an annual general meeting.

Rule 85.2 None of the following persons shall be appointed as an auditor of the Credit Union:

- Rule 85.2.a an officer or employee of the Credit Union;
- Rule 85.2.b a person who is a partner of, or in the employment of, or who employs an officer or employee of the Credit Union.

Rule 85.3 The board of directors may appoint an auditor to fill any casual vacancy occurring between general meetings of the Credit Union.

Rule 85.4 The appointment of an auditor shall be ratified by resolution of an annual general meeting of the Credit Union.

Rule 86 Auditor's entitlement to attend meetings

Rule 86.1 The auditor shall be entitled to attend any general meetings 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 87 Availability of Accounts

Rule 87.1 The Credit Union shall keep a copy of the last balance sheet, together with the report of the auditor, always displayed in a conspicuous place at its registered office.

Rule 87.2 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 88 Filing of accounts with the Relevant Authority

Rule 88.1 The Credit Union shall, within the time period permitted by law and regulation, send the Relevant Authority such returns and audited accounts 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 89 Availability of Rules

Rule 89.1 The Credit Union shall supply to any person applying, a copy of the rules of the Credit Union, free of charge. Subsequent copies shall be supplied at an amount not exceeding £5 (or such other sum as may from time to time be prescribed by law).

Section 14 Credit Union Records

Rule 90 Maintenance of Register

Rule 90.1 The Credit Union shall keep at its registered office a register of Members containing the following detail:

- Rule 90.1.a the names and addresses of the members;
- Rule 90.1.b a statement of the number of shares held by each member and of the amount paid or agreed to be considered as paid on the shares of each member;
- Rule 90.1.c a statement of other property in the society, whether in loans, deposits or otherwise, held by each member;
- Rule 90.1.d the date at which each person was entered in the register as a member, and the date at which any person ceased to be a member;
- Rule 90.1.e the names and addresses of the officers of the society, 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) [Rule 90](#) 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 91 Inspection of Accounts

Rule 91.1 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, supervisor/supervisory committee, or other persons duly authorised on their behalf.

Rule 91.2 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 90](#) 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.

Rule 92 Record of Account

Rule 92.1 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 issued to each member at least annually or on their request.

Rule 93 Conducting Transactions

Rule 93.1 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.

Rule 94 Nominations

Rule 94.1 A member may, in accordance with the law, nominate any person or persons to whom (subject to the provisions of the law as to account 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 95 Payment to Nominee

Rule 95.1 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. The nominee will sign a written statement indemnifying the Credit Union against any subsequent claim that may arise.

Rule 95.2 In the event of a dispute of entitlement to such a payment, the Credit Union shall pay any monies due into the member's estate.

Rule 96 Bankruptcy

Rule 96.1 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.

Rule 97 Incapacity to Control Affairs

Rule 97.1 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.

Section 15 Amendments to Rules and use of Legal seal

Rule 98 Amendment to Rules

Rule 98.1 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.

Rule 98.2 Any member of the Credit Union, before the first day of October in any year, may 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.

Rule 98.3 No amendment of rules shall be valid until registered with the Relevant Authority.

Rule 99 Use of Seal

Rule 99.1 The Credit Union shall have its name engraved in legible characters on a seal which shall be kept in custody as the board of directors direct.

Rule 99.2 The seal shall be used only under the authority of a resolution of the board of directors and shall be attested by the signatures of 2 directors and the counter-signature of the secretary.

Section 16 Complaints and Disputes

Rule 100 Internal Complaints Procedure

Rule 100.1 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 Relevant Authority);

Rule 101 Financial Ombudsman Service

Rule 101.1 If a complainant remains dissatisfied at the completion of the Credit Union's internal complaints procedure, and from on the date of receipt of the Credit Union's final response, the complainant shall have six months (or other such time as may be prescribed by the relevant authority) within which to refer their complaint to the Financial Ombudsman Service.

Rule 102 Court Referrals

Rule 102.1 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 Sheriff Court. The 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 her or she shall think fit, and such determination shall be binding on all parties without appeal and shall not be removable into any court of law or restrainable by injunction.

Section 17 Statutory applications to the Relevant Authority

Rule 103 Dissolution of the Credit Union

Rule 103.1 The Credit Union maybe dissolved:

- Rule 103.1.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
- Rule 103.1.b In accordance with sections 50(2) and 55(1)(b) of the Industrial and Provident Societies Act 1965; 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; or which has been approved by a special resolution of the credit union and confirmed by the Relevant Authority

Rule 104 Distribution of funds on dissolution

Rule 104.1 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;

- Rule 104.1.a Transferred to another Credit Union; or
- Rule 104.1.b If not so transferred, applied for charitable purposes as may be determined by the Members in general meeting.

Section 18 Membership of the League

Rule 105 Membership of the League

- Rule 105.1 The Credit Union shall be and remain a member of the League and shall, subject to law and these rules, abide by the rules and by-laws of the League as laid down from time to time by its Members.
- Rule 105.2 The League shall have the right to be represented, to speak and be heard at any meeting of the board of directors or Members of the Credit Union.
- Rule 105.3 The Credit Union shall make such returns to the League as may be required by the board of the League.
- Rule 105.4 The League shall be entitled, on receipt of due notice by the Credit Union, to have the books of account and other records made available to any duly authorised representative of the League.
- Rule 105.5 On withdrawing or being expelled from the League, the requirement in [Rule 105.1](#) shall cease to apply and in order to effect that rule change the Credit Union shall register a rule amendment to effect deletion of [Rule 105](#).