All previous rules rescinded

Rules of

Eastern Savings and Loans Credit Union Limited

(Registered under the Industrial and Provident Societies Act 1965)

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

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

Name

1. The name of the credit union shall be:
   Eastern Savings and Loans Credit Union Limited
   (hereinafter referred to as 'the Credit Union'.)

Registered office

2. The registered office of the Credit Union shall be at:
   63 Austin Street, Ipswich IP2 8DF
   or at such other place as may from time to time be determined by the Board of Directors and registered with the Relevant Authority.

Objects

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

Permissions

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

Powers

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

Social goals

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

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

MEMBERSHIP

Common bond qualifications for membership

7. Admission to membership of the Credit Union is restricted to:

a) An individual who is employed by the following employers:

   i. East of England Co-operative Society Ltd
   ii. Flagship Housing Association
   iii. The East Suffolk and North Essex NHS Foundation Trust

b) 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 is:

   i. the above employer

c) An individual who resides in, or is employed in the locality of Suffolk, Cambridgeshire, Norfolk or the North Essex districts of Uttlesford, Braintree, Colchester, Tendring, Harlow, Chelmsford, Epping Forrest, Maldon and Rochford as delineated on the attached map in red.

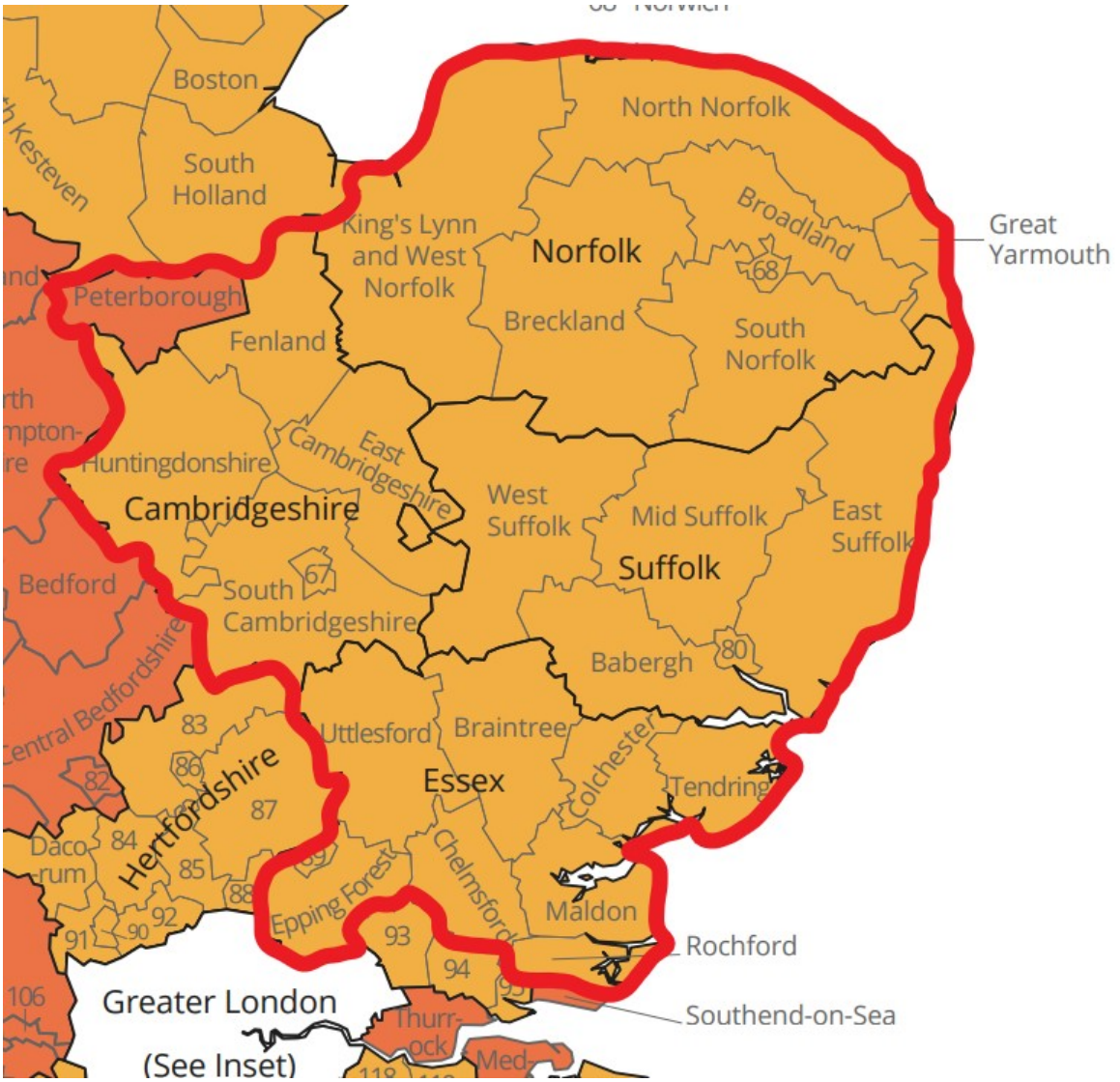
d) A corporate body, an individual in his/her capacity as a partner in a partnership, an individual in his/her capacity as an officer or member of the governing body of an unincorporated association, if the body corporate, partnership or unincorporated association has:

   i. a place of business in the above locality,
   ii. the following significant connection with the above locality: is a housing provider to residents in the above locality.

e) An individual who is otherwise associated with other individuals through being a tenant of the following housing associations:

   i. Orbit Housing Group
   ii. Flagship Housing Association
   iii. Riverside Housing Association

f) An individual who is a member of the same household as, and is a relative of, an individual who is a member of the credit union and falls directly within a common bond specified above.



Postcode areas

CB1	CB2	CB3	CB4	CB5	CB6	CB7	CB8	CB9	CB10	CB21	CB22	CB23	CB24	CB25			
CO1	CO2	CO3	CO4	CO5	CO6	CO7	CO8	CO9	CO10	CO11	CO12	CO13	CO14	CO15	CO16		
CM0	CM1	CM2	CM3	CM4	CM5	CM6	CM7	CM8	CM9	CM16	CM17	CM18	CM19	CM20			
CM22	CM24	CM77															
IP1	IP2	IP3	IP4	IP5	IP6	IP7	IP8	IP9	IP10	IP11	IP12	IP13	IP14	IP15			
IP16	IP17	IP18	IP19	IP20	IP21	IP22	IP23	IP24	IP25	IP26	IP27	IP28	IP29	IP30	IP31	IP32	IP33
NR1	NR2	NR3	NR4	NR5	NR6	NR7	NR8	NR9	NR10	NR11	NR12	NR13	NR14	NR15	NR16	NR17	NR18
NR19	NR20	NR21	NR22	NR23	NR24	NR25	NR26	NR27	NR28	NR29	NR30	NR31	NR32	NR33	NR34	NR35	
PE1	PE2	PE3	PE4	PE5	PE6	PE7	PE8	PE9	PE13	PE14	PE15	PE16	PE19	PE26	PE27	PE28	PE29
PE30	PE31	PE32	PE33	PE34	PE35	PE36	PE37	PE38									
SG8	SG19																

Limitations on membership

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

Joint Accounts

9. The Credit Union may offer a joint account facility to Members that are individuals. A joint account shall only be available to two individuals who each qualify for, obtain and continue to hold membership under the common bond qualification. The Credit Union shall establish a procedure on the operation of a joint account.

10. In the event of the death of one of the holders of a joint account, the joint account shall, subject to any contrary written agreement between the holders and lodged with the Credit Union, become the property of the survivor.

Non-qualifying Members

11. A Member who ceases to fulfil the qualifications for admission to membership shall become, and shall be referred to in these Rules as, a Non-Qualifying Member. A Non-Qualifying Member may, subject to approval by the Board of Directors, retain their membership and voting rights in the Credit Union, and continue to acquire Shares and to receive loans subject to legislation and the provisions of these Rules.

12. The number of Non-Qualifying Members shall not exceed 100 per cent of the total membership.

Junior savers

13. The credit union may take deposits from a person who would otherwise qualify for membership of the credit union according to rule 7 of these rules and is under the age at which, defined in rule 14 of these rules; he may become a member.

14. A junior saver, who is eligible for membership of the credit union according to rule 7 of these rules, shall convert to full membership of the Credit Union upon reaching the age of 18, provided that no person that has a deposit in a child trust fund account or a junior ISA is eligible for membership of the Credit Union until they have reached the age of 18 years.

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

Applications for membership

16. No applicant shall be admitted into membership of the Credit Union unless the applicant supports the objects and social goals of the Credit Union, has paid such entrance fee as required, has completed an application for membership in a form accepted by the Board of Directors and the Board has approved the application using such procedures as agreed by them from time to time.

17. An applicant for membership of the Credit Union may be admitted to membership only when:

    a. They fall within the common bond and as a result qualify for admission to membership;
    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;
    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;
    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
    e. They hold and have paid for at least a £1 Non-Deferred Share in the Credit Union

18. A Member of the Credit Union may hold more than one account in the Credit Union.

Register of Members

19. The Credit Union shall keep, at its registered office, a register of Members as per section 44 of the Industrial and Provident Societies Act 1965, containing the following details:
    a. The names and addresses of the members;
    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;
    c. A statement of other property in the society, whether in loans, deposits or otherwise, held by each member;
    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;
    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 so that it is possible to inspect the particulars therein mentioned in paragraphs (a) (d) and (e) of rule 19 without exposing the other particulars entered therein.

Cessation of Membership

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

Withdrawing from membership

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

22. Those Members holding Deferred Shares shall not have the power to withdraw them. Repayment of any Deferred Shares shall be made in accordance with the issue documents which comply with s31A CUA 1979,

Expulsion from Membership

23. A Member may be suspended from participation in the Credit Union pending the completion of an investigation. The Chief Executive Officer or most Senior Manager shall have the power to establish an investigation into the conduct of a Member on such terms as appear reasonable to him or her and to suspend a member from participation in the Credit Union while the investigation is carried out. The investigation may recommend the Member's expulsion from the Credit Union. In such circumstances the Chief Executive Officer or most Senior Manager shall give notice of the recommendation to the Member and to the Chairperson of the Credit Union and invite the Member to a hearing conducted by the Chairperson of the Credit Union at which the Member shall be entitled to answer the complaint. The hearing shall be held not less than ten working days after the date of the notice. The Member may be represented at the hearing. At the conclusion of the hearing the Chairperson shall have the power to expel the Member from the Credit Union.

24. A Member may be suspended, and subsequently expelled, from the Credit Union for any grave and sufficient reason including, but not limited to, the following:

    a. Wilful breach of, or refusal to comply with, the Rules;
    b. Divulging confidential information obtained by virtue of being a Member of the Credit Union;
    c. Deceiving the Credit Union with regard to the purpose of money borrowed or its subsequent use;
    d. Default and continued refusal to honour a debt (the loan repayment terms of which had been agreed in a signed loan agreement);
    e. Maliciously and knowingly spreading incorrect reports about the management of the Credit Union;
    f. Wilfully making any entry, error or erasure in, or omission from any passbook, record or return of the Credit Union with the intent to falsify it;
    g. Actively working against the interests of the Credit Union and/or its membership;
    h. Allowing their account to become dormant and failing to remedy the situation in accordance with rules 30 to 34;
    i. Using the Credit Union as a vehicle for committing an offence under the Money Laundering Regulations 2007;
    j. Committing an offence of dishonesty against the Credit Union, wilfully destroying or damaging records or other property of the Credit Union, or knowingly passing forged papers through the Credit Union;
    k. If, after admission as a Member of the Credit Union, their application form is found to include wilfully false or misleading information or any defect is discovered in their qualification for membership at the time of their admission which in the opinion of the Board of Directors is of such consequence as to justify expulsion;
    l. Abusive behaviour towards the employees or volunteers of the Credit Union.

Notice of expulsion

25. A notice of expulsion of a Member shall be sent by special delivery to the last known address of the Member (the registered office if a corporate member), and shall contain a reference to the expulsion appeals procedure. The notice of expulsion of the Member shall not become effective until 20 working days after the date of posting the notice of expulsion or until the result of any appeal, if any, whichever is the later. If Shares have been issued for a fixed term, the Credit Union may give the

Shareholding Member written notice of expulsion, terminating her/his rights as a Shareholding member, with effect from the expiration of the fixed term.

Appeal against expulsion

26. A Member shall have 10 days from the receipt of a notice of expulsion to request an appeal against their expulsion. The Board of Directors shall, upon a request received in Writing from the Member on whom the notice of expulsion has been served, hear the appeal at a special meeting of the Board of Directors. The meeting shall be held not later than 60 days after the date on which the expulsion notice has been served on them. The Member shall have the right to be represented and heard at such special general meeting. The Board of Directors shall have the power, by a simple majority decision of those present, confirm the Member's expulsion or to direct that he or she shall remain a Member of the Credit Union. The result of the appeal shall be final.

Liability of withdrawn and expelled Members

27. Withdrawal or expulsion of a Member from the Credit Union shall not relieve such Member from any liability which existed at the time of their withdrawal or expulsion.

28. The amount deposited by a Member who withdraws or is expelled shall be paid to them as funds become available, but only after all monies owed by them to the Credit Union have been deducted. Any amount due to a withdrawn or expelled Member shall be repaid within a period of less than 60 days beginning on the day following the expulsion or notice of withdrawal. No payment shall be paid to such a Member unless all of their liabilities to the Credit Union have been fully discharged.

Availability of Rules

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

Dormant accounts

30. If a period of 12 months passes without any transactions on the account of a Member (or on any of their accounts if they have more than one), the Board of Directors shall have the discretion to declare that the account has become dormant. The Board may take account of any extenuating circumstances in making this declaration.

31. The Board of Directors shall have the discretion to charge an annual administration fee on each dormant account, an amount not to exceed £5 or any such reasonable amount sufficient to cover the administration costs of membership specified by the Board of Directors from time to time and agreed by the Members at the annual general meeting

32. In relation to a Member who does comply with the minimum shareholding requirement as set out in rule 46, but whose account is dormant, the Credit Union

may alert the Member to the dormancy by contacting the Member in Writing at their last known Address notifying the Member that there have been no transactions on their account (or their accounts if they have more than one) during the last 12 months, and providing the Member with a six week period to determine the future use of their account(s).

33. Any communication in Writing made under rule 32 shall contain:
    1. Information on reactivating or closing their account and withdrawing from membership;
    2. Information about the right of the Credit Union to charge an annual administration fee;
    3. Reference to rule 34 which enables the Credit Union to remove dormant accounts into a suspense account and subsequently expel the Member from membership.

34. If the Member does not reactivate or close their account(s) within six weeks of the Credit Union issuing the communication, the Board of Directors shall have the discretion to:
    a. Hold any monies within the account(s) of such Member in a suspense account pending the Member's subsequent withdrawal of their money, or activity on their account;
    b. Charge the annual administration fee;
    c. Expel the Member from membership of the Credit Union in accordance with rule 24.

SHARES

35. The credit union may offer Non-Deferred Shares and Deferred Shares. The nominal value of each Share shall be £1.00. A Member must purchase and hold at least one £1 Share in the Credit Union.

36. The Credit Union may issue Interest Bearing Shares if it meets the criteria for doing so as may be prescribed by law, the Relevant Authority and these Rules.

37. When a Member opens a share account the Credit Union must inform the Member whether said share account will qualify for interest or dividend as per the Rules. If a Member is informed that they hold Interest Bearing Shares they must also be informed that if the Credit Union ceases to meet the criteria set out by law or the Relevant Authority to pay interest on Shares their Interest Bearing Shares will be converted to Dividend Bearing Shares.

38. If a Member's Interest Bearing Shares are converted to Dividend Bearing Shares the Member must be informed using an agreed policy and procedure established by the Board of Directors.

39. Interest Bearing Shares shall not be eligible for a dividend and interest shall be set and credited using an agreed policy and procedure established by the Board of Directors.

Non-Deferred Shares

40. Non-Deferred Shares shall be withdrawable subject to the provisions of rules 51 to 53.

41. Non-Deferred Shares shall not be transferable and the Credit Union shall not issue to a Member a share certificate denoting ownership of a Non-Deferred Share.

Deferred Shares

42. Members of the Credit Union shall be eligible to purchase Deferred Shares which may be issued by the Credit Union under the terms and obligations as set out in an Issue Document(s). Upon purchase the Credit Union shall issue a share certificate denoting ownership of a Deferred Share(s).

43. For any Deferred Share(s) issued to a Member the Credit Union must transfer an equivalent amount (in whole pounds) to reserves.

44. Deferred Shares are non-withdrawable but are transferable and repayable only in the circumstances set out in the issue document. Deferred Shares shall only be transferred to another Member of the Credit Union using a procedure agreed by the Board of Directors.

45. Deferred Shares do not hold the right to any additional votes in the Credit Union and shall not count towards, or be subject to, the required minimum shareholding specified in rule 46 nor the maximum shareholding specified in rule 47.

Minimum Shareholding

46. The minimum shareholding (excluding Deferred Shares) required to remain in membership of the Credit Union shall be a sum not exceeding £5.00 as may be determined by the Board of Directors. Deferred Shares are not included in the minimum shareholding. The Board of Directors shall have the discretion to withdraw membership from any Member whose account has not been brought up to the minimum Non-Deferred Shareholding requirement within six months of admission to membership, or any Member whose account is reduced below the minimum Non-Deferred Shareholding, through adopting the following procedure:

    a. Providing notice in Writing to their last known Address
    b. The notice shall require the Member to increase their shareholding to the minimum required or withdraw their Non-Deferred Shares within 6 months of the date of the notice.
    c. If the Member has not taken action under (b) above the balance of the account may be declared by the Board of Directors to be forfeited to the Credit Union and membership shall be withdrawn on the same date.

Maximum shareholding

47. No Member shall have, or claim an interest in, Non-Deferred Shares of the Credit Union, exceeding £10,000 or 1.5 per cent (or such other sum as may be permitted by the Relevant Authority), of the total Non-Deferred Shareholdings in the Credit Union, whichever is the greater figure.

48. Corporate Members in total shall not have, nor claim an interest in, fully paid up Non-Deferred Shares of the Credit Union exceeding 25 per cent (or such other amount as

may be prescribed by law) of the total fully paid up Non-Deferred Shares of the Credit Union. If this percentage is exceeded the Board of Directors shall repay Non-Deferred Shares held by Corporate Members using an agreed policy until a point where the percentage is no longer exceeded.

49. The maximum Non-Deferred Shareholding limit of a joint account shall be double the limit on an account held by a Member that is an individual. The amounts held separately in an individual and joint account shall be amalgamated.

50. For the purpose of rules 47 and 48 the total fully paid up Non-Deferred Shares in the Credit Union shall be taken to be the total fully paid up Non-Deferred Shares as shown in the most recent annual return to have been sent to the Relevant Authority.

Withdrawing Shares

51. Subject to rules 52 and 53, money paid in on Shares, may be withdrawn by a Member on any day as provided for by the Board. However, if required, the Board may request up to sixty days' notice from a Member of their intention to withdraw their shareholding.

52. 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.

53. 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.

Insuring shares

54. For as long as it remains a condition of ABCUL membership, the Board of Directors shall enter into arrangements with a person carrying on the business of life savings insurance for the purpose of providing insurance cover on Members' (excluding corporate members) shareholdings in the Credit Union. Any monies paid to the Credit Union by virtue of said insurance arrangements shall be credited to the share account of the insured Member subject to the provisions of rule 47.

Financial Services Compensation Scheme

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

LOANS

Loans to Members

56. The Credit Union may make loans to Members eligible to receive them. No individual under 18 years shall be eligible to receive a loan from the Credit Union. A Member who holds Deferred Shares in the Credit Union may not borrow on the strength of that shareholding nor use Deferred Shares to guarantee the repayment of another Member's loan.

57. The Board of Directors shall determine from time to time the loan policy of the Credit Union which shall apply to all Members. The loan policy shall include:

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

58. The Credit Union shall not at any time make a loan to a Member if the making of such a loan would bring the total amount outstanding on loans to Members above such a limit as may be prescribed by law or rules established by the Relevant Authority.

59. The Credit Union shall not at any time make a loan to a Corporate Member, if the making of such a loan causes the total loans to Corporate Members be in excess of the limit of 10% of the aggregate of the outstanding balances on all loans (or such other amount as prescribed by law).

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

61. Any person knowingly responsible for the issue of a loan to a person other than a Member of the Credit Union shall be jointly and severally liable with the borrower to the Credit Union in the amount of the loan and accrued interest.

Guarantors

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

Loans to Officers and employees of the Credit Union

63. Members of the Board of Directors, Officers, Approved Persons and employees of the Credit Union may, as a Member of the Credit Union, be granted a loan by the

Credit Union subject to rule 64. Such a Member may not be involved in the decision on the granting of the loan and such a loan may not be approved solely by a loan officer of the Credit Union. The internal audit committee shall be informed of the details of any such loan within 14 days of its approval.

64. A Credit Union must not make a loan to one of its Board members, Officers or Approved Persons on terms more favourable than those available to other Members of the Credit Union unless that Member is also a paid employee of the Credit Union.

65. A Credit Union must not make a loan to a Relative of, or any person otherwise connected with, a member of the Board of Directors, an Officer, an Approved Person or employee of the Credit Union on terms more favourable than those available to other Members of the Credit Union.

Insuring Members' loans

66. For as long as it remains a condition of ABCUL membership the Board of Directors shall enter into arrangements with a person carrying on the business of loan protection insurance for the purpose of providing insurance coverage on the liability of any Member of the Credit Union.

Recovering loans from Members

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

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

APPLICATION OF SURPLUS

Calculation of profit

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

Building institutional capital

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

Distribution of surplus

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

Dividend on Shares

72. There shall be no maximum amount payable as dividend on Dividend Bearing Shares . If a surplus has been achieved, and dividends are payable, the Board of Directors shall recommend the rates of any dividend payments for agreement by the Members at the annual general meeting.

73. If a decision has been made to dissolve the Credit Union then the dividend payable on Dividend Bearing Shares shall not exceed 8% per annum or any other rate as may be specified by order made by the Treasury.

74. At each annual general meeting Members may be formally asked to delegate such powers to the Board of Directors as may be necessary to declare interim dividends and establish differentiated dividend rates subject to any rules made by the Relevant Authority. No dividend declared and authorised for payment by the Members at the annual general meeting shall exceed the rate recommended by the Board of Directors.

75. Any dividend shall be declared on all full Shares held during the preceding year of account or interim period. New Members joining the Credit Union shall be entitled to a proportional part of the dividend on any Shares held for less than the full year of account on every full month of membership, a portion of a month being disregarded for the purpose of entitlement to dividend. Dividends shall be paid to those in membership of the Credit Union on the date that the dividend is declared.

Rebate of interest on loans

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

Payment of dividends and interest rebates

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

MEMBERS' MEETINGS

Attendance at Members' meetings

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

Annual General Meeting

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

80. The business of the annual general meeting shall comprise:

    a. The receipt of the accounts and balance sheet and of the reports of the Board of Directors and the auditor (if any);
    b. The appointment of an auditor (subject to rule 140);
    c. The election of the Board of Directors or the results of the election if held previously by ballot;
    d. The application of surplus;
    e. The transaction of any other business included in the notice convening the meeting.

Notification of Members' meetings

81. At least 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. Notice in Writing shall be sent to the auditor and to the Association.

82. 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.

Special general meetings called by the Credit Union

83. Any general meeting of the Credit Union other than an annual general meeting shall be a special general meeting. The Board of Directors of the Credit Union may for good reason convene a special general meeting for any purposes not specifically provided for elsewhere in these Rules.

Special general meeting at Members' request

84. Upon an application, signed by one tenth of the total number of Members, or 100 Members, whichever is the lesser number, delivered to the registered office of the Credit Union, the Board of Directors shall convene a special general meeting of Members. The purpose of the special general meeting shall be stated in the application and notice of the meeting. No business other than that stated in the notice of the meeting shall be conducted at the meeting.

85. If within one month from the date of the receipt of the application the Board of Directors has not convened a special general meeting to be held within 6 weeks of the application, any three Members of the Credit Union acting on behalf of the signatories to the application may convene a special general meeting, and shall be reimbursed by the Credit Union for any costs properly and reasonably incurred in convening such a meeting.

86. In order to ensure the continuation of the Credit Union, a special general meeting which results in the removal of one or more Board members from their position, will require any newly elected Officer to apply for, and obtain Approved Person status immediately following their election and before carrying out the function. A newly elected person refused Approved Person status by the Relevant Authority is required to resign their position immediately and shall no longer be permitted to take an active role in the management of the Credit Union.

Special general meeting called by the supervisory committee

87. If an Officer of the Credit Union has been suspended from office using the procedure set out in rule 132 and has not tendered their resignation within 7 days of said suspension then the Board of Directors 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:

    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, and shall fill the vacancy at such meeting;
    b. Rescind the suspension;
    c. Remove from office any other Officer of the Credit Union (whether or not he or she has been suspended by the Board of Directors) and shall determine the manner in which the vacancy caused as a result of the removal shall be filled and subject to any regulatory requirements relating to Approved Person status shall fill the vacancy at the meeting.

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

Business at a special general meeting

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

Voting

89. Each Member of the Credit Union shall hold one vote only irrespective of the size of their Shareholding in the Credit Union or the number of accounts held. The right to vote by a Member shall be held by:

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

90. A Member of the Credit Union may not vote by proxy at a general meeting of the Credit Union. Postal voting may be used, at the discretion of the Board of Directors, as part of the procedure for the nomination and election of the Board of Directors, Audit Committee and the credit committee (if in existence) of the Credit Union.

91. Elections for the Board of Directors of the Credit Union shall be conducted by secret ballot unless undertaken prior to the annual general meeting by postal vote. Except where otherwise specified in these Rules or law, all questions shall be resolved by a simple majority of votes cast.

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

Chairperson

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

Quorum

94. No business shall be transacted at a general meeting unless a quorum is present. A quorum shall be 10 per cent of the membership, or 15 Members, whichever is the lesser number. If within half an hour from the time appointed for the meeting to commence a quorum is not present then the meeting, if convened upon the requisition of Members, shall be dissolved. In any other case the meeting shall be adjourned until a later date within 30 days of the meeting at which the adjournment took place. The Members present at a meeting so adjourned shall constitute a quorum.

95. No meeting shall become unable to conduct business from the want of a quorum arising after the chair has been taken.

Adjournment

96. The chairperson may adjourn any Members' meeting for any good and sufficient reason.

97. The provisions relating to the conduct of general meetings of the Credit Union shall apply to adjourned meetings. No business shall be transacted at such a meeting other than the business left unfinished at the meeting at which the adjournment took place.

NOMINATING AND ELECTING OFFICERS

Nomination for election

98. Subject to rules 107 and 108 of these rules, the Board of Directors will accept nominations for election of Officers of the Credit union. All nominees for election as an Officer of the Credit Union must be Members of the Credit Union and must be at least 18 years of age and:

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

99. Nominations for the Board of Directors and the credit committee (if in existence) shall be in Writing and shall be signed by a proposer and a seconder who must also be Members of the Credit Union and also by the nominee to indicate their consent, and their willingness to submit to any requirements of the Relevant Authority. Nominations shall be sent so as to ensure they reach the registered office of the Credit Union at least 14 days before the date of the annual general meeting where the election shall take place.

100. If, after all of the nominations have been received, 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 provides their consent, shall be in order.

Nominating committee

101. 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 Officer posts requiring candidates and ensure that there is at least one suitable candidate to recommend to the annual general meeting for each vacancy. In making their recommendation, the nominating committee shall ascertain that the nominee is 'fit and proper' to become an Approved Person. The nominating committee shall adhere to any policy established by the Board of Directors in relation to the suitability of candidates. The nominating committee shall also be responsible for identifying and recommending potential co-options to the Board of Directors to fill any vacancies. The Board may delegate powers to the nominating committee to manage applications for Approved Person status.

Election of Officers

102. All elections shall be conducted following such procedure as may be established by the Board of Directors from time to time.

103. If for any election the number of nominees does not exceed the number of vacancies to be filled, a proposal to dispense with the election procedure and to declare that all nominees are duly elected may be proposed to the annual general meeting. If such a proposal is carried by a majority vote of the Members present at the meeting, the chairperson shall declare that the nominees for that election are duly elected

Prohibition of certain persons as Officers

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

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

Terms of office

105. 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.

Board of Directors

106. Subject to Rule 162 of these Rules, at no time shall an employee of the Credit Union be a voting member of the Board of Directors.

107. The Credit Union shall have a minimum of 5 Directors and a maximum as determined by the Members at the annual general meeting from time to time. Directors shall be elected at the annual general meeting in accordance with these Rules.

108. Designated Representatives or Corporate Representatives of Corporate Members may be elected as a Director. At no time will the percentage of Corporate Members elected to the Board of Directors exceed 25 % of the total number of Directors declared by the members according to rule 107 of these rules.

109. The Board of Directors has the power, in advance of an election, to propose a recommendation on election of representatives at the annual general meeting to ensure that the Board consists of representatives of all areas, sections and diverse groups covered by the Credit Union.

Election of office holders

110. As soon as possible following the annual general meeting, the Board of Directors shall elect from among its number a 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.

Casual vacancies

111. A casual vacancy on the Board of Directors shall, as soon as is practicable, be filled by a majority vote of the Directors then holding office. Such a co-opted Director shall hold office 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.

Timing and notification of Board meetings

112. Regular meetings of the Board of Directors shall be held at least monthly, or in accordance with other guidance given by the Relevant Authority. The date, time and place of such meetings shall be decided from time to time by the Board. All meetings shall be called in such a manner as the Board shall determine.

113. The 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 three Directors. The president, or in their absence the vice-president, shall determine the date, time and place of such a meeting, unless the Board of Directors prescribes otherwise by resolution.

Quorum

114. No business shall be transacted at a meeting of the Board of Directors unless a quorum is present. A majority of the number of the Directors in office at any time shall constitute a quorum. If from the time appointed for the meeting to commence a quorum is not present then the meeting may be adjourned to any date not less than two nor more than 30 days from the day of the meeting at which the adjournment took place. The quorum for such an adjourned meeting shall be three Directors or such greater number as the Board may determine by resolution.

Voting at Board meetings

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

Attendance at Board meetings

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

Chairing Board meetings

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

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

Failure to attend meetings

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

Delegation of powers

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

Validity of actions

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

Responsibilities of Directors

122. Subject to the law and these Rules, the Board of Directors shall manage the general business and control the affairs of the Credit Union and shall be responsible for performing all of the duties ordinarily performed by the Board of Directors. 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 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 valid insurance against fraud and other dishonest practices as required by the Relevant Authority, and making any other 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(s) 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 and interest 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, subject to legal and regulatory limits, 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, in accordance with the law, and restrictions contained in CREDS 3.2, or other rules made by the Relevant Authority;
n. Filling any casual vacancy in the office of auditor, or in any office in the Credit Union, subject to rules 111and 141;
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 Audit 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 , but for no other purpose, 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 and interest on behalf of the Credit Union;
s. Borrow money for the Credit Union subject to any regulatory limits;
t. Determine the authorised bank(s) for the deposit of funds of the Credit Union and the signatories to cheques and other written instruments on behalf of the Credit Union;
u. Make provision of the adoption and custody of the seal of the Credit Union, if appropriate;
v. Remove from office Officers and sub-committee members, for failure to perform their duties or breach of these Rules;
w. Rule Rescinded;
x. During the absence or incapacity of any Officer, co-opt another Member of the Credit Union to act temporarily in their place, provided that such appointment shall cease upon the resumption by such Officer of their duties;
y. Keep proper books of account with respect to the financial transactions of the Credit Union, it assets and liabilities;
z. Submit the accounts of the Credit Union for audit as required;
aa. Establish and terminate such sub-committees as it deems necessary from time to time to facilitate the operations of the Credit Union; define and amend their terms of reference and appoint and remove members of such committees;
bb. Make arrangements for annual general meetings, Board meetings and other meetings as appropriate from time to time;
cc. Convene a special general meeting whenever thought fit;
dd. Administer any fund set aside out of the surplus or profit of the Credit Union;
ee. Perform or authorise any action consistent with law, regulation and these Rules not specifically reserved to the Members by law, regulation or these Rules;
ff. 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;
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 data protection law and policies;
hh. Perform such other actions consistent with the law, regulation and these Rules as the Members in general meeting may from time to time require.

Vacation of office

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

Payment of expenses and honoraria

124. For as long as it remains a condition of ABCUL membership, no member of the Board of Directors, nor any member of a committee of the Credit Union, shall be paid for their services other than such reasonable out of pocket expenses as may be approved by a majority vote of the Board of Directors.

125. 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.

CREDIT COMMITTEE AND LOAN OFFICER

Roles and responsibilities

126. The Credit Union shall have a credit committee which shall remain in existence until a majority of the Members, at the annual general meeting, vote in favour of a proposal from the Board of Directors to disband it.

127. The Board of Directors shall set the terms of reference of the credit committee. The credit committee may include one member of the Board of Directors of the Credit Union appointed by the Board; the remaining number shall be elected in accordance with the provisions of these Rules.

128. 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. 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 loan officer(s). Any delegation shall clearly outline the specific limits which the loans officer(s) can operate.

SUPERVISORY COMMITTEE

Roles and responsibilities

129. The Credit Union shall have an Audit Committee, which shall be a sub-committee of the Board of Directors. Membership of the Audit Committee will consist of a minimum of two and a maximum of three directors, the Chief Executive/most Senior Manager of the credit union or their appointed deputy and the Internal Auditor of their appointed representative. One Director will be elected by the Board of Directors as the Chairperson of the Audit Committee. The Audit Committee with the approval of the Board of Directors shall have the power to appoint others as it sees fit and necessary to ensure that it is able to carry out its duties.

130. The board of directors shall agree and set the Terms of Reference under which the Audit Committee operates. The Audit Committee will be responsible for monitoring the Credit Union's internal and external audit functions and regulatory reporting, ensuring that they are performed in accordance with prescribed terms of reference. The Committee will report to the meeting of the Board of Directors and make recommendations on these matters.

131. 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.

Suspension from office

132. The Board of Directors may, by a unanimous vote of the entire membership at a special general meeting called for the purpose, suspend from office any Officer of the Credit Union who, in its opinion 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. If the Board of Directors convenes 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.

Suspension from the supervisory committee

133. Rule Rescinded.

134. Rule Rescinded.

OFFICERS AND EMPLOYEES

Conflict of interest

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

136. Any Officer who declares an interest in becoming an employee of the Credit Union, or where a member of their immediate family applies for a position as an employee of the Credit Union, shall not take part in any discussion, selection or decision relating to that particular position in the Credit Union.

Confidentiality

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

138. The Credit Union shall comply with the Data Protection Act 1998 concerning the protection of data.

Indemnity

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

empowered to pay the amount of such indemnity out of the funds of the Credit Union.

ACCOUNTS, AUDIT, ANNUAL RETURNS AND RULES

Appointment of auditor

140. A qualified auditor shall be appointed in each year of account to audit the Credit Union's accounts and balance sheet. In this rule 'qualified auditor' means a person who is a qualified auditor under section 7 of the Friendly and Industrial and Provident Societies Act 1968. The appointment of an auditor shall be ratified by a majority vote of the Members at an annual general meeting.

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

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

Availability of accounts

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

Filing of accounts with the Relevant Authority

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

Auditor's entitlement to attend meetings

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

MAINTENANCE OF MEMBERS' ACCOUNTS

Inspection of accounts

145. Any Member or person having an interest in the funds of the Credit Union may inspect their own account and the books containing the names of Members, including the particulars required to be kept in the register of Members, at all reasonable hours at the registered office or at any place where the same are kept,

subject to such Regulations as to the time and manner of such inspection with regard to rule 19.

146. All books of account and other records of the Credit Union shall at all reasonable times be available for inspection by the auditor, the Board of Directors, the Audit Committee, or other persons duly authorised on their behalf.

Record of account

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

Conducting transactions

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

Nominations

149. A Member may in accordance with the law nominate any person(s) to whom any of their property in the Credit Union at the time of their death shall be transferred (subject to the provisions of the law as to amount and the persons to whom a valid nomination may be made).

150. On receiving satisfactory proof of death of a Member who has made a nomination the Board shall, if and to the extent that the nomination is valid under the law, either transfer or pay in accordance with the law the full value of the property comprised in the nomination to the person entitled.

Claims on accounts of deceased, bankrupt or insolvent Member

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

Incapacity

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

SEAL

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

AMENDMENTS TO RULES

Amendments to Rules

154. The Rules of the Credit Union may not be amended except by a resolution passed by not less than two thirds of the Members present and eligible to vote at a general meeting of the Credit Union. Notice of the proposed alteration must be given in Writing alongside the notice of the meeting.

155. Any Member of the Credit Union may, before the first day of October in any year, propose an amendment to the Rules by serving notice of the proposed amendment to the Board of Directors who must incorporate the proposed amendment in the agenda of the next general meeting of the Credit Union.

156. No amendment of Rules shall be valid until registered with the Relevant Authority. When submitting rule amendments for registration the secretary may at their sole discretion accept any alterations required or suggested by the Relevant Authority without reference back to a further special general meeting of the Credit Union.

COMPLAINTS AND DISPUTES

Internal complaints procedure

157. A formal written complaints procedure shall be maintained by the Credit Union and made available to all Members and junior savers. The Credit Union shall aim to resolve a complaint and send a final response within eight weeks of the receipt of a complaint (or such other time period as may be prescribed by the Relevant Authority).

158. If a complainant remains dissatisfied at the completion of the Credit Union's internal complaints procedure, and from the date of receipt of the Credit Union's final response, the complainant shall have six months (or such other time period as may

be prescribed by the Relevant Authority) within which to refer their complaint to the Financial Ombudsman Service.

159. Complainants who remain dissatisfied following a formal decision by the Ombudsman may jointly agree with the Credit Union to refer their complaint or dispute to the County Court, or in Scotland the Sheriffs Court, who shall in accordance with section 83 of the Friendly Societies Act 1992, hear and determine such dispute. The County Court or Sheriffs Court shall have the power to order the expenses of the determining the dispute to be paid either out of the funds of the Credit Union or by such party to the dispute as it shall think fit, and such determination and order shall be binding and conclusive on all parties without appeal and shall not be removable into any court of law or restrainable by injunction.

DISSOLUTION

160. The Credit Union may be dissolved:
    a. On its being wound up in pursuance of an order or resolution made as is directed in regard to companies by the Insolvency Act 1986;
    b. In accordance with 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.

Distribution of funds on dissolution

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

MEMBERSHIP OF THE ASSOCIATION

162. The Credit Union shall be and shall 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.

163. The Association shall have the right to be represented, to speak and to be heard at any general meeting of the Credit Union.

INTERPRETATIONS

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

    "CUA 1979" means the Credit Unions Act 1979 or any successor Act and/or Order.
    "Address" means a postal address or, in the case of Corporate members the registered address; or, in the case of an unincorporated partnership or association an address agreed by resolution of the partnership or governing body; or for the purposes of electronic communication, a fax number, email address or telephone number for receiving text messages.

“Amendment” in relation to the Rules of the Credit Union includes the addition of any new rule or the deletion of any existing rule.
“Approved Person” means an individual authorised by the Relevant Authority to perform a controlled function within the Credit Union.
“Association” means the Association of British Credit Unions Limited, or its successor body.
“Board” and “Board of Directors” means the committee of management of the Credit Union.
“Credit Union” means the registered society.
“Corporate Member” unless the context requires otherwise has the meaning attached to it in section 5A (6) of CUA 1979.
"Corporate Representative" means an Individual authorised by resolution of the governing body of an incorporated body to represent it;
“Data Protection Act 1998” means this Act or any successor legislation.
“Deferred Shares” has the meaning attached to it by section 31A of CUA 1979.
“Deposit(s)” shall have the meaning attached to it by the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 – SI2001/544 (or any successor Act and/or Order).
“Designated Representative” means a partner authorised by resolution of the partners of a partnership (that is not a body corporate) or a member of a governing body authorised by the governing body of an un-incorporated association to represent it;
“Director” means a member of the Board of Directors of the Credit Union.
“Dividend Bearing Non-Deferred Shares” means a share issued on terms which entitle the shareholder to dividend but no interest.
“Financial Services Compensation Scheme” means this Scheme and any successor scheme.
“FSMA” means the Financial Services and Markets Act 2000 or any successor legislation.
“Industrial and Provident Societies Act 1965” means Act and any successor Act and/or Order
“Interest Bearing Non-Deferred Shares” means a share issued on terms which entitle the shareholder to interest but no dividend.
“Issue Document” shall be the document produced in accordance with any issue of Deferred Shares of the Credit Union.
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 rules 35 to 41.
“Officer” includes any president, vice-president, treasurer, assistant treasurer, secretary, other elected Director, member of any committee or servant of the Credit Union, other than an employee appointed by the Board of Directors, but it does not include an auditor appointed by the Credit Union in accordance with the provisions of these Rules.
“Non-Qualifying Member” means those Members outlined in rule 11 of these Rules.
“Ombudsman” means the Financial Ombudsman Service or any successor body.
“Relevant Authority” means the Financial Conduct Authority or any successor bodies.

“Regulations” means regulations made by the Treasury in a statutory instrument and rules made by the Relevant Authority.
“Relative” has the same meaning as in Section 31 of the CUA 1979;
“Rules” means the Credit Union’s registered Rules unless the context indicates otherwise.
“Share” and “Shares” shall include both Non-Deferred Shares and Deferred Shares.
“Treasury” means HM Treasury or any successor body.
“Writing” means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.

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

…… Director

…… Director

…… Director

…… Director