

All previous Rules rescinded



Rules of Glasgow Credit Union Limited

Rulebook, FINAL V7.0

Firm Reference No (FRN): 213558

Registered as a Credit Union pursuant to section 1 of the Credit Unions Act 1979 and the Co-operative and Community Benefit Societies Act 2014. Authorised to accept Deposits under Part IV of the Financial Services and Markets Act 2000.

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Section 1

Glasgow Credit Union

1. Glasgow Credit Union

1.1 Name

- 1.1.1 The name of this Credit Union shall be Glasgow Credit Union Limited hereinafter referred to as 'the Credit Union'.

1.2 Registered office

- 1.2.1 The registered office of the Credit Union shall be
at: 95 Morrison Street
Glasgow
G5 8BE
or at such other place as may from time to time be determined by the Board of Directors.

1.3 Objects

- 1.3.1 The objects of the Credit Union shall be:
- a. the promotion of thrift among its Members by the accumulation of their savings.
 - b. the creation of sources of credit for the benefit of its Members at a fair and reasonable rate of interest.
 - c. the use and control of Members' savings for their mutual benefit.
 - d. the training and education of Members in the wise use of money and in the management of their financial affairs; and
 - e. to carry on one or more of the financial activities specified in section 1ZA (1) of the Credit Unions Act 1979 for the benefit of the members of the society.
- 1.3.2 Subject always to the approval of the Regulator, the Credit Union may, by Resolution of its Board of Directors, adopt additional social goals provided that these social goals contribute to the social or economic development of the community within the Common Bond as outlined under Rule 2.1.

1.4 Powers

- 1.4.1 The Credit Union shall have full power, subject to law and the requirements of the Regulator attached to any Permission held, to do all things necessary or expedient for the accomplishment of its objects and social goals.

1.5 Permissions

- 1.5.1 The Credit Union is a Member-owned financial institution incorporated under the Co-operative and Community Benefit Societies Act 2014 (the 2014 Act) and governed by the Credit Unions Act 1979. The Credit Union is authorised by the Prudential Regulation Authority and is regulated by the Financial Conduct Authority and the Prudential Regulation Authority and holds Part IV permission to accept Deposits under the Financial Services and Markets Act 2000.
- 1.5.2 The Board of Directors shall be responsible for ensuring that the Credit Union applies for, obtains and maintains all necessary Permissions to operate as a Credit Union on a lawful basis.
- 1.5.3 The Board of Directors shall be responsible for applying for and maintaining any other Permission contained within Part IV of the Financial Services and Markets Act 2000 which is applicable to the Credit Union.

1.6 Use of Legal Seal

- 1.6.1 The Credit Union shall have its name engraved in legible characters on a seal which shall be kept in such custody as the Board of Directors may direct. 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 two Directors and the countersignature of the Board Secretary.

1.7 Dissolution

- 1.7.1 The Credit Union may be dissolved:
- a. on it being wound up following an order or Resolution made under the Insolvency Act 1986; or
 - b. by an instrument of Dissolution to which not less than three quarters of the Members of the Credit Union have given their consent by way of signature to the instrument or have approved by way of a special Resolution of the Credit Union and confirmed by the Regulator.
- 1.7.2 If a decision has been made to dissolve the Credit Union, then the dividend payable on Dividend Bearing Shares shall not exceed eight per cent or any other maximum rate as may be prescribed by law.
- 1.7.3 If, on the Dissolution of the Credit Union, there remains any surplus assets whatsoever after the payment of debts, repayment of share capital and discharge of all other liabilities, including any final declared dividend, such assets shall not be paid or distributed among the Members of the Credit Union but shall be:
- a. transferred to another Credit Union; or
 - b. failing which, applied to charitable purposes as may be determined by the Members in a General Meeting.

1.8 Availability and Amendment of Rules

- 1.8.1 The Rules of the Credit Union shall be available to Members on the Credit Union's website. A copy of the Rules of the Credit Union shall be supplied to any Member requesting a copy, free of charge.
- 1.8.2 Subject to Rule 1.8.4, any of these Rules may be withdrawn or amended or a new Rule may be added by a Resolution passed by a minimum of two thirds of the votes cast by the Members at a General Meeting by one of the following methods, where available:
- a. Pre-Cast Electronic Vote.
 - b. Pre-Cast Postal Vote.
 - c. a vote in person at the meeting; or
 - d. voting in person while attending by Electronic Means.
- 1.8.3 Any Member of the Credit Union may, before the first day of August in any year, serve notice of a Motion to propose an Amendment of any Rule at the next General Meeting, duly seconded, to the Board of Directors.
- 1.8.4 Notwithstanding Rules 1.8.2 and 1.8.3 above, no amendment of the Rules shall be valid until it has been registered with and approved by the Regulator.



Section 2

Membership

2. Membership

2.1 The Common Bond

2.1.1 Admission to membership of the Credit Union is restricted to individuals who fall within the following Common Bond areas:

- i. Residing or being employed in a particular locality as detailed in 2.1.2, or
- ii. Being employed by a particular employer (“Named Employer Partner”) as detailed in 2.1.3, or
- iii. Being a member of a Bona Fide Organisation as detailed in 2.1.4.

2.1.2 Residing or being employed in a particular locality as defined below:

- a. in the locality of the “G,” “ML,” “KA,” “PA” and “FK” postcodes (as detailed on the map below);
or
- b. A body corporate, an individual in their capacity as a partner in a partnership, an individual in their capacity as an officer or a member of the governing body of an unincorporated association, if the body corporate, partnership or unincorporated association has a place of business in 2.1.2(a) (as detailed on the map below).



2.1.3 Being employed by a Named Employer Partner as defined below:

- Allied Bakeries Ltd
- Amey plc
- Arnold Clark
- Barrhead Travel
- Black and Lizars
- Blue Triangle Housing Association
- C-Change Scotland
- Children 1st
- Crossroads Caring Scotland
- Dates -N-Mates
- ENABLE Group
- Key Housing Association
- KURA
- Quarriers
- Scottish Action For Mental Health (SAMH)
- Scottish Autism
- Scottish Canals
- Scottish Design Exchange
- Scottish Refugee Council
- South Lanarkshire Leisure
- Student Loans Company Ltd
- STV Group plc
- The Richmond Fellowship Scotland Ltd
- Wheatley Group
- Who Cares? Scotland
- Wholesale Domestic Bathrooms
- Zero Waste Scotland

2.1.4 Being an individual who is a member of a Bona Fide Organisation as defined below:

- Youth Scotland

2.2 Status of Membership

2.2.1 The Credit Union is a Member-owned financial institution. The Credit Union is owned by its Members who, on a one-Member-one-vote basis, have a say in the running of the business of the Credit Union and share in the risks and rewards of ownership.

2.3 Risks and rewards of ownership

2.3.1 Deposits made with the Credit Union are in the form of Shares. As these Shares represent the business' capital as provided by the business' owners then, with the exception of Interest Bearing Shares described in Rule 3.7, there is no guaranteed or fixed return on these Deposits. Instead, the owners of the business share in the allocation of the Surpluses generated by the business in line with Rule 6.4.

2.3.2 Members' Deposits held by the Credit Union are protected by the Financial Services Compensation Scheme under Rule 3.2, and, subject to any limits within that scheme, Members have no liability on the Dissolution of the Credit Union.

2.4 Membership and Joint Accounts

2.4.1 A Member may hold more than one account in the Credit Union. The Credit Union may offer a Joint Account facility to Members. A Joint Account shall only be available to two Members who each qualify for, obtain and continue to hold individual membership under the Common Bond qualification. The Credit Union shall establish procedures on the operation of a Joint Account, as the Board of Directors shall determine.

2.4.2 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, become the property of the survivor.

2.5 Corporate membership

2.5.1 The Board of Directors may admit to membership of the Credit Union:

- i. An individual in their capacity as a nominee of an unincorporated organisation or partnership which meets the Common Bond qualifications; and
- ii. Any named corporate body which meets the Common Bond qualification criteria.

2.5.2 Those eligible for membership of the Credit Union by virtue of Rule 2.5.1 shall be referred to as Corporate Members. Any reference to 'Member' in these Rules, unless indicated otherwise, shall include both individuals and Corporate Members of the Credit Union.

2.5.3 A corporate body which is a Member of the Credit Union shall appoint a representative who shall during the continuance of their appointment, be entitled to exercise in any General Meeting of the Credit Union all such rights and powers as the corporate body would exercise if it was an individual person. The Credit Union shall require such notification of a corporate body's appointed representative as the Board of Directors may from time to time decide.

2.5.4 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 higher amount as prescribed by law) of the total number of Members of the Credit Union. Where the number of Corporate Members exceeds 10% (or such other higher amount as prescribed by law) of the total number of Members, the Board of Directors has the authority to terminate the membership of any number of Corporate Members in order to reduce the number as required (the Corporate Members selected for termination of membership being determined by the Board of Directors in a manner which they consider appropriate at the time). In that event, the amount deposited by any Corporate Member whose membership has been terminated by virtue of this Rule 2.5.4 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 Corporate Member will be repaid within a period of 60 days beginning on the day following their notice of termination. No payment shall be made to the Corporate Member unless all their liabilities to the Credit Union have been, or shall subsequently be, fully discharged.

2.5.5 Corporate Members have no entitlement to either a seat on or representation on the Board of Directors. The appointed representative of a Corporate Member, if they are a Member in their own right, may stand for election to the Board of Directors but do so only as an individual representing all of the membership in line with Rule 5.2.

2.6 Non qualifying Members

2.6.1 A Member of the Credit Union who ceases to qualify for membership in accordance with Rule 2.1.1 will become a "non-qualifying Member." A non-qualifying Member may retain their membership and voting rights in the Credit Union and continue to acquire Shares and receive loans subject to the provisions of these Rules.

2.7 Junior depositors

- 2.7.1 Subject to any additional policies and procedures that may be established by the Board of Directors, a Junior Depositor is a depositor under 16 years of age.
- 2.7.2 A Junior Depositor's account is held in trust by a "Trustee" and the Junior Depositor is not a Member of the Credit Union meaning and is unable to vote, borrow money or apply to sit on the Board of Directors.
- 2.7.3 Upon the Junior Depositor's 16th birthday, a Junior Depositor shall convert to Adult membership, and they shall have full membership and voting rights, subject to Rule 2.7.5.
- 2.7.4 The Credit Union may, if determined by the Board of Directors, take junior Deposits up to a maximum sum as may be prescribed by law.
- 2.7.5 Upon conversion to Adult membership at the age of 16, the Member will be entitled save and vote but will be unable to:
- a. borrow money from the Credit Union; and
 - b. apply to sit on the Board of Directors.
- 2.7.6 Upon reaching the age of 18, full membership rights will automatically be granted and shall include the right to borrow and apply to sit on the Board of Directors.
- 2.7.7 Funds in a Child Trust Fund account shall not be withdrawn by the Trustee or the named child until the named child has reached the age of 18, at which time the child may access the funds and qualify for full Adult membership in accordance with the Rules.

2.8 Applications for membership

- 2.8.1 An applicant may be admitted to membership only when:
- a. it has been determined that they fulfil the Common Bond qualification for membership pursuant to Rule 2.1.1.
 - b. they have completed and submitted a membership application.
 - c. their identity has been confirmed in line with the Rules, all relevant laws, Regulations and any criteria, policies and procedures set by the Board of Directors.
 - d. they have paid for at least one share of £1.00 in the Credit Union; and
 - e. they have been formally accepted for membership through a procedure established by the Board of Directors.
- 2.8.2 The Board of Directors may require an application fee to be paid, at their discretion which will not exceed £5.00. The application fee shall be refunded to the applicant if the application is refused.

2.9 Termination of membership

- 2.9.1 A person shall cease to be a Member of the Credit Union:
- a. on their voluntary withdrawal from the Credit Union in accordance with Rule 2.10.
 - b. on death.
 - c. at the discretion of the Board of Directors, if a Member's share balance is not brought up to the minimum shareholding established by the Board, in accordance with Rule 3.3, within 3 months of admission to membership, or is less than the minimum shareholding established by the Board and the Member fails to take remedial action in accordance with Rule 3.3; or
 - d. on their withdrawal or expulsion from the Credit Union in accordance with Rules 2.10 and 2.11.
- 2.9.2 In the case of a Corporate Member, membership is terminated if:
- a. the organisation is wound up or goes into liquidation; or
 - b. by virtue of being a Corporate Member of the Credit Union who has been expelled in accordance with the Rules.

2.10 Withdrawing from membership

- 2.10.1 A Member, without incurring 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. The application shall be subject to any notice period which is in force at that time. Members with an outstanding liability to the Credit Union shall be required to settle their liability in full prior to being permitted to withdraw from membership.

2.11 Expulsion from membership

- 2.11.1 Subject to Rule 2.9, a Member may be suspended from participation in the Credit Union pending the completion of an investigation. The investigation may recommend that the Member is expelled from the Credit Union. The Chief Executive Officer has delegated authority from the Board of Directors to expel a Member from the Credit Union. A Member may be expelled for any sufficient reason which shall include, but is not limited to, the following:
- a. wilful breach of, or refusal to comply with, any of the Rules.
 - b. divulging confidential information which is obtained by reason of being a Member of the Credit Union
 - c. deceiving the Credit Union regarding the purpose of money borrowed and its subsequent use.
 - d. continued default on a loan, the repayment terms of which had been agreed in a signed loan agreement.
 - e. maliciously and knowingly spreading false reports about the management and finances of the Credit Union.
 - f. wilfully making any entry, or erasure in, or omission from, any record or return of the Credit Union with intent to falsify it.
 - g. actively working against the interests of the Credit Union and/or its membership.
 - h. allowing their membership to become dormant and failing to remedy the situation in accordance with Rule 2.15.
 - i. using the Credit Union as a vehicle for committing an offence which constitutes money laundering as defined in the Money Laundering Regulations 2017, or any subsequent legislation.
 - j. committing an offence of dishonesty against the Credit Union, wilfully destroying or damaging records or other property of the Credit Union, or knowingly passing forged papers or other instruments through the Credit Union.
 - k. if, after admission, any declaration in their application for membership is found to be wilfully false or misleading, or any defect is discovered in their qualification for membership at the time of their admission, which in the opinion of the Chief Executive Officer is sufficiently serious to justify expulsion.
 - l. abusive behaviour towards Credit Union Employees, Directors or Members.
 - m. unacceptable or disruptive conduct that adversely impacts the running of the Credit Union, or its reputation.
- 2.11.2 Members who, in the opinion of the Chief Executive Officer, have been found guilty of the acts specified at Rule 2.11.1(i) or Rule 2.11.1(j) shall be summarily expelled from the Credit Union with no recourse of appeal.
- 2.11.3 The expulsion of a Member who is a Director shall be dealt with under Rules 5.15 to 5.17.

2.12 Notice of expulsion

- 2.12.1 The notice of expulsion shall be sent by special delivery to the Member's last known address and shall include a reference to the relevant part of Rule 2.11.1 that sets out the reason for their expulsion. The notice of expulsion shall not become effective until 30 days after the date of posting of the notice of expulsion, or until the determination of their appeal under Rule 2.13, if any, whichever event is later.

2.13 Appeal against expulsion

- 2.13.1 A Member shall have 14 days from the receipt of a notice of expulsion to request an appeal against their expulsion.
- 2.13.2 The Board of Directors shall, upon the written request of the Member who has been served a notice of expulsion in accordance with Rule 2.11, convene a Committee of the Board to consider the matter of their expulsion at a meeting. The meeting shall be held not later than 60 days after the date on which the expulsion notice has been served on the Member.
- 2.13.3 The Member shall have the right to be represented, and be heard at, such meeting. The Committee of the Board shall by majority of votes cast, confirm the Member's expulsion, or, direct that they shall remain a Member of the Credit Union.

2.14 Liability of expelled Member

- 2.14.1 Withdrawal or expulsion of a Member from the Credit Union shall not relieve the Member from any liability to the Credit Union which existed at the time of their withdrawal or expulsion.
- 2.14.2 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 will be repaid within a period of 60 days beginning on the day following their notice of intention of withdrawal or their expulsion. No payment shall be made to the Member unless all their liabilities to the Credit Union have been, or shall subsequently be, fully discharged.

2.15 Dormant accounts

- 2.15.1 If there have been no Member-initiated transactions on a Member's account (or on any of their accounts if they have more than one) during a period of 12 months, their membership may be deemed to be dormant.
- 2.15.2 The Board of Directors shall have the discretion to levy an annual fee on all Members, not exceeding £5.00, or such other reasonable amount sufficient to cover the annual administration cost as may be specified by the Board of Directors from time to time. The Board of Directors shall have discretion to waive the annual fee in relation to any Member whose membership is dormant.
- 2.15.3 In relation to any Member who does not comply with the minimum shareholding requirement set out in Rule 3.3, and whose membership is dormant, the Board of Directors:
- a. may declare the balance on their account or accounts to be forfeited to the Credit Union and their membership withdrawn in accordance with Rule 2.9; and
 - b. may charge any annual fee not exceeding £5.00, or such other reasonable amount sufficient to cover the annual administration cost as may be specified by the Board of Directors from time to time.
- 2.15.4 In relation to a Member who complies with the minimum shareholding requirement set out in Rule 3.3, but whose membership is dormant, the Credit Union may alert the Member to the dormancy as follows:
- a. The Credit Union shall send a letter to the Member's last known address notifying the Member that there have been no Member-initiated transactions on the Member's account (or accounts) during the last 12 months and shall provide the Member with a 3 month period to determine the future use of their account (or accounts).
 - b. The letter shall contain information on reactivating or closing the account and how to withdraw from membership.
 - c. The letter shall refer to the Rules which permit the Credit Union to charge an annual fee; and
 - d. The letter shall refer to Rule 2.15.3(a), which enables the Credit Union to declare the Member's account (or accounts) to be forfeited to the Credit Union and withdraw their membership; and Rule 2.15.5(a) which enables the Credit Union to remove dormant accounts into a suspense account and subsequently expel the Member from membership.
- 2.15.5 If the Member does not reactivate or close their account (or accounts) within 3 months of receipt of the letter from the Credit Union, the Board of Directors shall have the discretion to:
- a. hold any monies within the account (or accounts) of such Member in a suspense account pending the Member's subsequent withdrawal of their money or reactivation of the account.
 - b. charge the annual fee; and
 - c. expel the Member from membership in accordance with Rule 2.11.1(h).



Section 3

Member Services

3. Member Services

3.1 Shares

- 3.1.1 Shares are either Dividend Bearing Shares or Interest Bearing Shares. The nominal value of each share shall be £1.00. A Member must purchase and hold as a minimum one share which can either be a Dividend Bearing Share or an Interest Bearing Share.
- 3.1.2 Shares shall be withdrawable, subject to the provisions of Rule 3.4.
- 3.1.3 The Credit Union will not issue Deferred Shares.
- 3.1.4 Unless otherwise prefixed or implied, all references to Shares in the Rules of the Credit Union refer to Dividend Bearing Shares.

3.2 Financial Services Compensation Scheme

- 3.2.1 Members' Shares are protected by the Financial Services Compensation Scheme, subject to its current terms.

3.3 Maximum and minimum shareholding

- 3.3.1 No Member, with the exception of Corporate Members, shall have, or claim an interest in, Shares of the Credit Union that exceed the lesser of the following:
 - a. the limits to which Deposits are protected under the Financial Services Compensation Scheme Limits (or such other amount as may be prescribed by law); or
 - b. 1.5 per cent of the total Non-Deferred shareholdings of the Credit Union.

All amounts held by a Member, either in an individual account or a Joint Account shall be taken into account when calculating the total shareholding.

- 3.3.2 Corporate Members shall not have, nor claim an interest in, Shares of the Credit Union exceeding 25% (or such other amount as may be prescribed by law) of the total shareholding of the Credit Union.
- 3.3.3 For the purposes of Rule 3.3.1, where a Member has a Joint Account, half of the balance of that account will form part of their shareholding.
- 3.3.4 The minimum shareholding required to remain a Member of the Credit Union is £1.00.
- 3.3.5 The Board of Directors shall have discretion to withdraw membership from any Member whose account has not been brought up to the minimum shareholding requirement within 3 months of admission to membership.
- 3.3.6 The Board of Directors shall also establish a policy of reasonable steps the Credit Union will take when dealing with Members who are outwith the maximum and minimum shareholding limits.
- 3.3.7 For the purposes of these Rules, the total Shares in the Credit Union shall be taken to be the total Non-Deferred Shares as shown in the most recent annual return sent to the Regulator.

3.4 Withdrawing Shares

- 3.4.1 Subject to paragraph 3.3.4, Shares may be withdrawn on any day when payment for Shares may be made. However, if required, the Credit Union may request up to sixty days' notice from a Member to withdraw shareholdings.
- 3.4.2 If a Member is in default as a borrower, or a withdrawal of Shares would reduce a Member paid up shareholding in the Credit Union to less than their total liability (including contingent liability) to the Credit Union, whether as a borrower, guarantor or otherwise, the Board of Directors shall have discretion to refuse a share withdrawal request.

3.5 Insuring Shares

- 3.5.1 The Board of Directors may enter into arrangements with a person carrying on the business of insurance for the purpose of providing insurance cover on Members' shareholdings in the Credit Union. Any monies paid to the Credit Union by virtue of the said insurance arrangements shall be credited to the share account of the insured Member subject to the provisions of Rule 3.3.

3.6 Dividend Bearing Shares

- 3.6.1 There shall be no restriction on the maximum amount payable as dividends, with the exception of dividends payable upon the Dissolution of the Credit Union which shall not exceed eight per cent per annum (or such other maximum rate as may be prescribed by law) in accordance with Rule 1.7.2.
- 3.6.2 If a Surplus has been achieved, and a dividend is payable, the Board of Directors shall recommend the rates of any dividend payments which shall be subject to approval by Members at a General Meeting. No dividend declared and approved for payment by Members at a General Meeting shall exceed the rate recommended by the Board of Directors.
- 3.6.3 Any dividend shall be declared on all full Shares held during the preceding Financial Year or interim period. New Members joining the Credit Union shall be entitled to a proportional part of the dividend on any Shares held for less than the full year, or less than the interim period, for every full day of membership. Dividends are calculated based on a daily closing balance of Shares held during the period to which the dividend applies.
- 3.6.4 The Board of Directors has the delegated authority to declare interim dividends on Dividend Bearing Shares, subject to any regulator restrictions in force at the time. The dividend rates paid during the year will be tabled at the subsequent AGM for noting by the membership.
- 3.6.5 Where an annual dividend is due, this shall be paid to eligible Members after the Members have approved such payment at a General Meeting.
- 3.6.6 Dividend Bearing Shares shall not be eligible for interest.

3.7 Interest Bearing Shares

- 3.7.1 The Credit Union may issue Interest Bearing Shares provided that it has specific Permissions from the Regulator to issue such Shares. The Credit Union will also comply with the necessary systems, controls and any requirements as may be prescribed by law or regulation.
- 3.7.2 The payment of interest is to be treated as a business expense before the calculation of the Surplus, out of which any dividend may be paid.
- 3.7.3 Interest Bearing Shares shall not be eligible for a dividend. The nominal value of each Interest Bearing Share shall be £1.00. Interest Bearing Shares can be withdrawn subject to the provisions of Rules 3.3 and 3.4.
- 3.7.4 Interest Bearing Shares shall not be transferable, and the Credit Union shall not issue to a Member a share certificate denoting ownership of a share. When the Credit Union issues Interest Bearing Shares, a Member must be informed that interest, not dividends, will be paid on those Shares.
- 3.7.5 If the Credit Union ceases to meet the criteria to pay interest on Shares (and any requirements as may be prescribed by law or regulation), then any Interest Bearing Shares will be converted to Dividend Bearing Shares. If a Member's Shares are converted to Dividend Bearing Shares, the Member must be informed in a manner to be determined by the Board of Directors.

3.8 Loans

- 3.8.1 The Board of Directors shall determine from time to time a lending policy of the Credit Union which shall apply to all Members.
- 3.8.2 The Board of Directors shall determine from time to time the rates of interest to be charged on loans. The Credit Union will not make a loan to a Director or Employee of the Credit Union on terms more favourable than those available to other Members of the Credit Union.
- 3.8.3 Two Members agreeing to take out a loan on a Joint Account shall be Jointly and Severally Liable for repayment of the loan.
- 3.8.4 Loans to Corporate Members shall not exceed 10% of the aggregate of all outstanding loans to Members. The calculation of total loans to corporate Members is made on outstanding balances plus any interest charges added but not yet paid. The Member's shareholding does not reduce the outstanding balance of the loan even if those Shares are held as security.

3.9 Conducting transactions

- 3.9.1 Subject to any relevant law or polices in place at the time, any person may pay money into a Member's account on account of Shares or a reduction of loan or interest, Only the Member may enter into a loan agreement or make a withdrawal from their share account.
- 3.9.2 As well as formal notices of Power of Attorney and guardianship, the Credit Union shall have discretion to accept a written signed request from an incapacitated Member permitting a named individual to conduct transactions on the Member's behalf. The Credit Union will take all reasonable steps to assure itself of the validity of each written request and will be indemnified by the Member in the event of a subsequent dispute.

3.10 Insuring Members' loans

3.10.1 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.

3.11 Repayment of debts

3.11.1 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.

3.11.2 All sums due from any Member shall be recoverable from them or their executors (in the event of their death) or trustee in sequestration (in the event of their sequestration), as a debt due to the Credit Union.

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

3.12 Register of Members and Directors

3.12.1 The Credit Union shall keep a register of Members and Directors at its registered office which shall contain the following details:

- a. the names and addresses of the Members.
- b. a statement of the number of Shares held by each Member, of the amount paid on the Shares of each Member and the date and manner in which any share ceased to be held by any Member.
- c. a statement of other property in the Credit Union, whether in loans or otherwise, held by each Member.
- d. the date on which each Member was entered in the register as a Member, and the date on which any person ceased to be a Member; and
- e. the names and addresses of the Directors of the Credit Union, the Offices held by them and the dates on which they assumed their role.

3.12.2 In the case of a Corporate Member, the register will include its registered office address, or such other address as may be accepted by the Board of Directors.

3.12.3 The register shall be constructed so that it is possible to inspect the particulars outlined in Rule 3.13.1a, Rule 3.13.1d and Rule 3.13.1e only, to enable Members to petition other Members for a Special General Meeting.

3.13.4 The provisions of this Rule 3.13 shall be subject always to the Credit Union's obligations under the data protection legislation in force at the relevant time.

3.13 Inspection of accounts

3.13.1 Any Member or person having an interest in the funds of the Credit Union may, by giving reasonable notice, inspect their own account(s) during office hours at the registered office or at any place where the same are kept.

3.13.2 Statements of account shall be made available to Members. Money paid in or out on account of Shares, loans, interest and any fees shall be evidenced by an appropriate entry in the Member's statement of account. A statement of account shall itemise all transactions, and a copy shall be made available to each Member at least annually or upon their request.

3.14 Claims on accounts of deceased or sequestrated Members

3.14.1 Upon a claim being made by the executor of a deceased Member to any property in the Credit Union belonging to the deceased Member, the Directors shall transfer or pay such property to which the executor has become entitled, as the executor may direct them.

3.14.2 Upon a claim being made by the trustee in sequestration of a sequestrated Member to any property in the Credit Union belonging to the sequestrated Member, the Directors shall transfer or pay such property to which the trustee in sequestration has become entitled, as the trustee in sequestration may direct them.

3.15 Incapacity

3.15.1 The Board of Directors shall determine from time to time the Credit Union policy in respect of Members who are incapable through disorder or disability of mind of managing their own affairs.

3.16 Nominations

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

3.16.2 On receiving satisfactory proof of death of a Member who has made a nomination, the Directors shall, if and to the extent that the nomination is valid under relevant law, either transfer or pay in accordance with the relevant 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 a subsequent greater claim arising.

3.17 Complaints and court referrals

- 3.17.1 The Credit Union will maintain a formal written complaints procedure which shall be made available to all Members and Junior Depositors on the Credit Union website or issued to Members and Junior Depositors upon their individual request.
- 3.17.2 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 Regulator).
- 3.17.3 If a complainant remains dissatisfied with the Credit Union's final response, the complainant shall have six months (or such other time period as may be prescribed by the Regulator) from the date of receipt of the Credit Union's final response, to refer their complaint to the Financial Ombudsman Service.
- 3.17.4 Complainants who remain dissatisfied following a formal decision by the Financial Ombudsman Service, may jointly agree with the Credit Union to refer their complaint or dispute for determination by the sheriff court in Scotland who shall, in accordance with section 137(6) of the 2014 Act, hear and determine such disputes. The sheriff court shall have power to order the expenses of determining the dispute to be paid either out of the funds of the Credit Union or by such party to the dispute as they shall think fit, and such determination and order shall be binding and conclusive on all parties and shall not be subject to appeal or be removable into any court of law or restrainable by interdict.



Section 4

General Meetings of Members

4. General Meetings of Members

4.1 Overview

- 4.1.1 Glasgow Credit Union is owned by its Members and run for their mutual benefit.
- 4.1.2 The Credit Union operates under a governance model where:
 - a. certain matters are reserved for the Members at General Meetings.
 - b. Members elect a Board of Directors to govern the Credit Union and oversee and monitor the operations; and
 - c. the Board of Directors appoint a Chief Executive Officer to manage and run the Credit Union.
- 4.1.3 The following matters are reserved for Members at a General Meeting:
 - a. receipt of the annual accounts and any reports of the Board and External Auditor relating to them.
 - b. ratification of the appointment of External Auditors.
 - c. approval of any changes to the Rulebook.
 - d. election of Directors to the Board of Directors.
 - e. ratification of any annual dividend and/or interest rebates; and
 - f. ratification of a transfer of engagements from, or merger with, another credit union outwith the common bond.
- 4.1.4 General meetings of Members shall be either an Annual General Meeting (AGM) or a Special General Meeting (SGM).

4.2 Attendance at General Meetings

- 4.2.1 Every Member holding at least the minimum shareholding, as detailed in Rule 3.3.4 shall be entitled to attend General Meetings, either in person or (where the Directors have made arrangements for attendance, speaking and/or voting by Electronic Means), by Electronic Means, subject to verification of identity. A Member is deemed to be in attendance when they are in a position to communicate with all those attending the meeting. The Board of Directors may make whatever arrangements they consider appropriate to enable those attending a General Meeting by Electronic Means to exercise their rights to speak and/or vote.

4.3 Notification of General Meetings

- 4.3.1 At least 14 days, and no more than 90 days before the date of a General Meeting, the Board of Directors shall cause notice to be made available of the date, time and place of the meeting.
- 4.3.2 Notice of any General Meeting is given by posting notice in a visible place of business such as the Credit Union's website. Notice may also be posted using electronic communication methods provided that a Member has consented to such communication method.
- 4.3.3 When notice of a General Meeting has been given in accordance with Rule 4.4.1, the accidental omission to give notice to any individual Member or Members or the non-receipt of the notice by any individual Member or Members shall not invalidate any Resolution passed, or any business undertaken at the meeting.

4.4 Annual General Meeting (AGM)

- 4.4.1 The AGM shall be held within six months of the end of the Financial Year at such date, time and place to be determined by the Board of Directors.

4.5 Special General Meetings (SGM)

- 4.5.1 Any General Meeting of Members other than an AGM shall be an SGM. The Board of Directors may, for good and sufficient reason, convene an SGM of Members for any purposes not specifically provided for elsewhere in these Rules.
- 4.5.2 An SGM may be called by Members provided:
 - a. they make an application stating what their specific purpose for calling an SGM is.
 - b. the application is signed by 100 Members or one-tenth of the total number of Members, whichever is the lesser number, in support of said application; and
 - c. the application is delivered to the Credit Union at its registered office.
- 4.5.3 The Board of Directors shall:
 - a. within one month from the date of the receipt of such application in the registered office, call an SGM and notify the Members in accordance with Rule 4.3; and
 - b. within six weeks from the date of the receipt of such application in the registered office, hold such SGM.
- 4.5.4 The purpose of the SGM shall be stated in the application and notice of the meeting. No business other than that stated in the notice shall be conducted at the meeting.

- 4.5.5 Should the Board of Directors fail to comply with Rule 4.5.3, then any three Members of the Credit Union, acting on behalf of the signatories to the application, may convene an SGM and shall have a claim on the Credit Union for any costs properly incurred in convening such a meeting.
- 4.5.6 In order to ensure the continuation of the Credit Union, an SGM which results in a vote of no confidence in the Board of Directors or the removal of one or more Directors from their position, will require any newly elected Director to apply for and obtain the appropriate approval from the Regulator (or any other regulatory regime in force at that time). A newly elected Director who is refused approval is required to resign their position immediately and shall no longer be permitted to take an active role in the governance of the Credit Union.
- 4.5.7 An AGM may be made an SGM for any purpose of which notice has been given in accordance with Rule 4.4.1, provided that such business is not brought on until the business of the AGM is concluded.

4.6 Standing Orders Committee

- 4.6.1 The Credit Union shall have a Standing Orders Committee (SOC). The SOC will consist of Members who are not Directors or Employees of the Credit Union who shall be appointed on a voluntary basis for an initial term of 3 years. The SOC shall operate under Terms of Reference which will be available to Members. The Board of Directors and the SOC shall approve these Terms of Reference.
- 4.6.2 The SOC duties shall include:
- a. an annual review of the Standing Orders for General Meetings.
 - b. reviewing the competence of Motions received; and
 - c. recommending to the Board of Directors whether the Motion should be considered at the next AGM or be rejected.
- 4.6.3 The Board of Directors will consider the recommendation of the SOC but will have overall discretion as to whether the Motion shall be put forward to the next AGM or not.
- 4.6.4 The Board of Directors will be required, at the next AGM following the meeting, to explain their decision to Members where they did not accept a Motion recommendation by the SOC.

4.7 Quorum

- 4.7.1 No business shall be transacted at a General Meeting unless a Quorum is present. A Quorum is defined as Members present at the General Meeting and those who have cast votes in advance of the General Meeting (if that option is available) and those present via Electronic Means. Ten percent of the Members of the Credit Union or 40 Members, whichever is the lesser number, shall constitute a Quorum.
- 4.7.2 A General Meeting may proceed to business if a Quorum is present within half an hour after the time fixed for the commencement of the meeting.
- 4.7.3 Where a SGM is convened on the requisition of Members and a Quorum is not present within half an hour after the time fixed for the commencement of the meeting, the meeting shall be dissolved.
- 4.7.4 Where the meeting is an AGM or an SGM convened by the Board of Directors and a Quorum is not present within half an hour after the time fixed for the commencement of the meeting, it shall be adjourned to a later date within 30 days of the date of the adjourned meeting and the rescheduled meeting may proceed to business regardless of the number of Members present either in person or by Electronic Means.
- 4.7.5 No meeting shall become incompetent to transact business if, at any point after the chair has been taken, there are insufficient Members present to constitute a Quorum.

4.8 Chairperson

- 4.8.1 Every General Meeting shall have a Chairperson who shall not vote unless the votes cast are equal when they shall have a casting vote. The Chairperson of the Credit Union shall, if present, take the Chair at any meeting. If the Chairperson is not present, the Vice Chairperson shall do so and if they are not present, the Board of Directors shall elect a Director to act as Chairperson.

4.9 Adjournment

- 4.9.1 Any General Meeting may be adjourned for good and sufficient reason at the discretion of the Chairperson.
- 4.9.2 In the case of an adjourned General Meeting, the Rules regarding notice, voting and Quorum shall apply. No other business shall be transacted at such a meeting other than the business appearing on the agenda of the General Meeting that was adjourned and any business that was left unfinished.

4.10 Voting

- 4.10.1 Each Member, at a General Meeting, shall have one vote on each item of business irrespective of the size of their shareholding or number of accounts held in the Credit Union.
- 4.10.2 Members may vote by one of the following methods at General Meetings, where available: -
 - a. Pre-Cast Electronic Vote.
 - b. Pre-Cast Postal Vote.
 - c. a vote in person at the meeting; or
 - d. a vote in person while attending by Electronic Means.
- 4.10.3 A policy on the casting of votes by Pre-Cast Electronic Vote, Pre-Cast Postal Vote and attendance by Electronic Means hereinafter referred to as the "Voting Policy," shall be made available to Members. All Pre Cast Electronic Votes and Pre Cast Postal Votes (the "Pre Cast Votes") must be cast in accordance with:
 - a. the Voting Policy; and
 - b. any instructions contained in the notice calling the General Meeting.
- 4.10.4 All Pre-Cast Votes must be submitted before a closing date which shall be no less than two business days before the date of the General Meeting. Unless specifically provided otherwise, a Pre-Cast Vote shall be a vote cast at the meeting and the Member, while entitled to attend the meeting, may not cast a further or different vote at the meeting itself.
- 4.10.5 Directors must abstain on Motions pertaining to their remuneration.

4.11 Voting procedures

- 4.11.1 Subject to any provision contained in these Rules or otherwise prescribed by relevant law, Resolutions at a General Meeting, other than a Resolution proposing to amend these Rules in accordance with Rule 1.8.2, shall be decided by a majority of votes cast by any of the means specified in Rule 4.10.2 above.
- 4.11.2 The Board of Directors shall have the discretion to determine whether Members may vote by any of the means specified in Rule 4.10.2 above and shall produce a Voting Policy as required by Rule 4.10.3.
- 4.11.3 The Voting Policy shall be published on the Members' area of the Credit Union's website. A copy of the Voting Policy in place from time to time shall be supplied to any Member upon request.

4.12 Election of Directors

- 4.12.1 Each Member shall be entitled to vote in each election by any of the means specified in Rule 4.10.2.
- 4.12.2 The Voting policy referred to in Rule 4.10.3 will include the electoral system used for the counting of votes and the Election of Directors.
- 4.12.3 All votes shall be counted and shall be recorded formally in the minutes of the meeting.
- 4.12.4 Any confirmation of approval required under any regulatory regime in force at that time, must be obtained within the regulatory timeframes before an elected candidate can actively participate in Credit Union business.



Section 5

Directors

5. Directors

5.1 Number of Directors

- 5.1.1 The number of Directors of the Credit Union shall be not less than five and no more than fifteen. Directors (other than Directors appointed under Rule 5.5) shall be elected at an AGM in accordance with Rule 4.11. The Board of Directors has the power to establish a policy on the number, skills, competencies, and diversity of representation on the Board.

5.2 Applications to join the Board of Directors

- 5.2.1 Only Members of the Credit Union may apply to join the Board of Directors.
- 5.2.2 An Employee of the Credit Union is not eligible to apply to be a Director of the Board.
- 5.2.3 Applications to join the Board of Directors must be received between 1 July and 31 August each year.
- 5.2.4 All applicants shall be over 18 and, if successfully elected, shall not be Directors or Employees of any Credit Union whose Common Bond overlaps with Glasgow Credit Union in accordance with Rule 2.1.1.

5.3 Nominating committee

- 5.3.1 The Board of Directors may appoint a nominating committee of not less than three Directors. The nominating committee shall ascertain the number of Director vacancies which require to be filled and endeavour to propose that there is at least one suitable candidate to recommend to the General Meeting for each vacancy for which an election is to be held.
- 5.3.2 In making their recommendation, the nominating committee shall ascertain that the nominee is eligible to become a Director under any regulatory regime in force at that time. The nominating committee shall adhere to any policy established from time to time by the Board of Directors in relation to the appointment of Directors. The nominating 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 nominating committee to manage applications.

5.4 Directors' terms of service

- 5.4.1 Directors shall retire at the third AGM following their appointment and may stand again subject to regulation or any policy established by the Board of Directors regarding the maximum number of terms and/or years a Director can serve.

5.5 Co-opted vacancy

- 5.5.1 A vacancy on the Board of Directors shall, as soon as practicable, be filled by a Co-opted candidate provided the Directors Recruitment Policy has been followed and a Majority Vote of the Board of Directors in favour of the Co-option has taken place. A Co-opted Director appointed in accordance with this Rule shall be required to stand for election to the Board at the next General Meeting following their Co- option. If they choose not to seek election at the General Meeting their involvement with the Credit Union will terminate immediately following that General Meeting. A newly Co-opted Director shall adhere to the requirements in respect of any regulatory regime in force at that time, prior to taking up an active role in the governance of the Credit Union.

5.6 Board meetings

- 5.6.1 Meetings of the Board of Directors shall generally be held once a month.
- 5.6.2 The time, place and date of the meetings shall be determined by the Board of Directors and shall be called in such a manner as the Board may determine.

5.7 Special Board meetings

- 5.7.1 The Chairperson, or in their absence the Vice-Chairperson, may call a special meeting of Directors at any time.
- 5.7.2 The Chairperson, or in their absence the Vice-Chairperson, shall fix the date, time and place of such a meeting, unless the Board of Directors by Resolution prescribe otherwise.

5.8 Board meeting Quorum and attendance

- 5.8.1 No business may be transacted at a meeting of the Board of Directors without a Quorum being present.
- 5.8.2 A majority of the number of Board Directors shall constitute a Quorum.
- 5.8.3 If a Quorum is not present, then the meeting will be adjourned to any date not less than 2 or more than 30 days from the day of the adjourned meeting. The Quorum for such an adjourned meeting shall be three Directors or such greater number as the Board may determine by Resolution.
- 5.8.4 Where a Quorum is present at the start of the meeting but then becomes inquorate during the meeting, no business may be transacted.
- 5.8.5 For the avoidance of doubt, a Director must be present in person or by Electronic Means at a meeting of the Board of Directors.

5.9 Voting and binding decisions

- 5.9.1 Questions arising at any meeting of Directors shall be decided by a majority vote. Each Director present shall have one vote on any matter.
- 5.9.2 The Chairperson is only entitled to a casting vote in the case of an equality of votes.
- 5.9.3 The Board of Directors works on the basis of “collective responsibility” and therefore any properly executed decision made by the Board is binding on all of the Directors regardless of either their initial dissent, their abstinence from a vote or their failure to attend the meeting at which the decision was made.
- 5.9.4 If a Director feels they are unable to abide by a decision of the Board, they can:
 - a. once (and once only) ask that the Board reconsider the decision.
 - b. attempt to call a SGM under Rule 4.5.1; or
 - c. resign as a Director.
- 5.9.5 All acts carried out by any meeting of the Directors or of a sub-committee or by any Director acting pursuant to any authority duly given shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment or qualification of any Director, be as valid as if such Director had been duly appointed or qualified.

5.10 Remuneration and expenses

- 5.10.1 Directors may receive remuneration and reasonable out of pocket expenses for any time spent on Credit Union business.
- 5.10.2 The overall budget for Director remuneration for a Credit Union Financial Year shall be approved by a majority of votes cast in accordance with Rule 4.10.2, at the AGM held during that same financial year.

5.11 Responsibilities of the Board of Directors

- 5.11.1 Subject to the relevant laws and these Rules, the Board of Directors shall manage the general business and control of the affairs of the Credit Union and shall be responsible for performing all of the duties ordinarily performed by a Board of Directors.
- 5.11.2 The authority of the Board resides within a properly constituted meeting of the Board of Directors. Outside of a board meeting, an individual Director or Directors have only the specific authority to act in a specified area as delegated by the Board of Directors.
- 5.11.3 The Board of Directors will maintain policies which cover the management of conflicts of interest; Directors’ duties and responsibilities; Directors’ training; Directors’ remuneration; Directors’ recruitment and whistleblowing.
- 5.11.4 The Board of Directors may establish sub-committees and delegate any of their powers to sub-committees. Sub-committees may be temporary or permanent. The membership of sub-committees shall consist of any Directors and other individuals as the Board of Directors think appropriate. Sub-committees shall have clear terms of reference given to them by the Board of Directors including any requirements regarding reporting to the Board of Directors.
- 5.11.5 As soon as possible following the AGM, the Board of Directors shall elect, from the current Directors available, a Board Secretary, a Board Chairperson and Board Vice Chairperson for the coming year. The Board may also choose to elect other posts as it deems appropriate from time to time.

5.12 Regulatory Approval

5.12.1 Certain Director roles may require approval under the regulatory regime in force at that time. Appointment to the role will be subject to any approval that is required.

5.13 Chairing meetings

5.13.1 The Board of Directors shall be responsible for appointing a Chairperson who shall hold a Senior Manager Function within the Credit Union and shall be allocated one or more Prescribed Responsibilities.

5.13.2 Subject to any specific provision contained in these Rules, the Chairperson, or in their absence the Vice-Chairperson, shall preside at General Meetings and at meetings of the Board of Directors. Directors shall perform such other duties as they may be directed to perform by the Board of Directors as may be prescribed by law or in accordance with these Rules.

5.13.3 If neither the Chairperson nor the Vice-Chairperson is present or willing to act within 15 minutes after the time appointed for the beginning of a meeting, the other Directors present shall elect another Director to be Chairperson of the meeting.

5.14 Failure to attend meetings

5.14.1 If a Director of the Credit Union fails to attend at least 75% of scheduled Board or 75% of scheduled Committee meetings in a twelve-month period, without good or sufficient reason, then the Board of Directors may resolve that that the Director has failed in their duties.

5.14.2 For the avoidance of doubt, the period of twelve months in Rule 5.14.1 shall begin on the first day of the Credit Union's Financial Year.

5.14.3 The Board of Directors shall maintain a policy on Board and Sub Committee Meeting attendance. Directors' attendance at meetings shall be published each year in the Annual Reports.

5.15 Suspension from Office

5.15.1 A Committee of the Board which has responsibility for governance may make a decision to suspend a Director from office for any sufficient reason which shall include, but is not limited to, the following:

- a. a credible suspicion of or actual breach of the relevant law in relation to the Credit Union, Credit Union Rules or Credit Union policies.
- b. ceasing to be a Member of the Credit Union.
- c. failing to obtain or maintain the required level of competence under the Senior Manager and Certification Regime's requirements.
- d. failure to attend the minimum number of meetings in accordance with Rule 5.14; or
- e. unacceptable or disruptive conduct which adversely impacts the running of the Credit Union, or its reputation.

5.15.2 The decision to suspend a Director or Directors must be made by a majority of the Committee of the Board present at a meeting called for the purposes of considering the suspension or suspensions in question. Where their attendance is appropriate, the Director or Directors in question shall not be permitted to vote on the question of their suspension. The reasons and decisions taken at such a meeting will be fully documented in the minutes.

5.15.3 If a Director is suspended further to Rule 5.15.2, a notice of suspension shall be sent by special delivery to the Director's last known address. The notice shall refer to Rule 5.15.1 and state the reason for their suspension and whether an investigation is being held. The suspension shall become effective immediately after the decision to suspend is taken as set out in Rule 5.15.1.

5.15.4 In the event of a Director being suspended for the reasons set out in Rule 5.15.1b and 5.15.1c, there shall be no requirement for an investigation to be held and parties may proceed to the process set out in Rule 5.17.

5.15.5 During the period of suspension, the suspended Director must not:

- a. carry out any Credit Union duties or seek to represent the Credit Union in any capacity; or
- b. seek to influence any other Director, Employee or any party involved in the investigation.

5.15.6 Contravention of Rule 5.15.5 is tantamount to a breach in terms of Rule 5.15.1a.

5.15.7 Should a Director voluntarily resign during their period of suspension, then, with the exception of cases which relate to matters which require to be reported to the authorities, the Board of Directors may decide to end the proceedings without conclusion. Such a decision must be made by a majority of the Board of the Directors present at a meeting of Directors called for the purposes of considering the matter. All such matters shall be reported to Members at the next General Meeting held.

5.16 Independent Investigation

- 5.16.1 The process of instructing an independent external body to carry out an investigation (the Investigator) and the Committee of the Board's decision based on the Investigator's report shall be determined by the relevant policy in place from time to time approved by the Board of Directors.
- 5.16.2 The suspended Director and the Board of Directors shall be entitled to make submissions to the Investigator, and all shall provide the Investigator with such assistance and documents as the Investigator reasonably requires for the purpose of carrying out the investigation.
- 5.16.3 If the Investigator's report recommends that the suspended Director should be removed from Office, then the suspended Director shall be given an opportunity to make further submissions to the Board of Directors before they make their decision as to whether they remove the Director from Office.
- 5.16.4 The Board of Directors shall consider the Investigator's report and the suspended Director's submissions when making their decision, but ultimately it is a decision for the Board of Directors as to whether the Director is removed from Office. For the avoidance of doubt, the Board of Directors are not bound by the Investigator's report and the suspended Director shall not be permitted to vote on the question of whether they are removed from Office.
- 5.16.5 To ensure there is no disruption to the business of the Board during the processes outlined in Rule 5.15 and Rule 5.16, the Board may use Co-option in accordance with Rule 5.5.

5.17 Removal from Office

- 5.17.1 Upon the completion of the process set out in Rules 5.15 and 5.16 the Board of Directors shall decide whether the suspended Director shall be removed from Office. Such a decision must be made by a majority of the Board of Directors present at a meeting of Directors called for the purposes of considering the matter. All such matters shall be reported to Members at the next General Meeting held.
- 5.17.2 For the avoidance of doubt, Members shall not be entitled to receive a copy of the Investigator's report.
- 5.17.3 Any decision taken in accordance with Rule 5.17 shall be final and may not be appealed. All such matters shall be reported to Members at the next General Meeting held.

5.18 Conflict of interest

- 5.18.1 Directors must adhere to the conflict of interest policies of the Credit Union and in addition their common law duties which include the management of conflicts of interest.

5.19 Confidentiality

- 5.19.1 A Director 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 or by law. Any disclosures shall be in keeping with the Senior Manager and Certification Regime Regulations.
- 5.19.2 On appointment, all Directors of the Credit Union shall sign a confidentiality agreement, ensuring the confidentiality of the business conducted by the Credit Union.
- 5.19.3 The Directors of the Credit Union shall comply with the requirements of the Data Protection Act 2018, or any subsequent act concerning the protection of data and also comply with the Credit Union's data protection policy.

5.20 Indemnity

- 5.20.1 Subject to any terms and conditions, any Director of the Credit Union shall be indemnified by the Credit Union against all costs, losses and expenses which they may incur, or become liable for, by reason of any contract entered into or any act or thing done by them in discharge of their duties as authorised by the Board of Directors. The Board is empowered to pay the amount of such indemnity out of the funds of the Credit Union.



Section 6

Accounts, Audit and Regulatory Returns

6. Accounts, Audit and Regulatory Returns

6.1 Credit Union accounts

- 6.1.1 All books of accounts and other records of the Credit Union shall at all reasonable times be available for inspection by the appointed External Auditor, Internal Auditor, the Regulator(s), the Board of Directors, and any other independent body as appointed by the Board of Directors for such purposes.
- 6.1.2 The Credit Union shall supply free of charge, a copy of the last annual report of the Credit Union including a copy of the report of the External Auditor to the Members of the Credit Union upon request.

6.2 Annual accounts

- 6.2.1 The annual accounts of the Credit Union will be prepared in accordance with legislation and use an applicable accounting framework as issued by the country's financial accounting standards setting body.

6.3 Establish and maintain Reserves

- 6.3.1 The Credit Union shall establish and maintain Reserves in accordance with the prudential rules on capital adequacy established by the Regulator.

6.4 Distribution of Surplus

- 6.4.1 Following compliance with the capital adequacy requirements established by the Regulator, the Credit Union may allocate any remaining Surplus as calculated per the Regulators rules as follows:
- a. a voluntary transfer to Reserves to build the institutional capital base of the Credit Union.
 - b. as a payment to Members of dividends subject to Rule 6.5.
 - c. as a rebate of interest paid by, or due from, Members who have received loans from the Credit Union subject to Rule 6.6; and
 - d. after a. b. and c. to social, cultural or charitable purposes.

6.5 Payment of dividend, interest and loan interest rebates

- 6.5.1 Dividend, interest and loan interest rebates due to any Member may be placed to the credit of their share balance, unless the application of such dividend or interest rebate would increase their shareholding in the Credit Union to an amount exceeding the maximum shareholding permitted by Rule 3.3.

6.6 Rebate of interest on loans

- 6.6.1 Provided that a dividend on Shares has been recommended by the Board of Directors in accordance with Rule 6.4.1 (b), then a rebate of interest on loans may be recommended by the Board of Directors for approval by Members at the AGM.
- 6.6.2 No rebate of interest declared and authorised for payment by Members at a 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 a dividend.

6.7 External Auditor

- 6.7.1 A registered qualified External Auditor shall be appointed by the Board of Directors in each Financial Year to audit the Credit Union's accounts. In this Rule "qualified auditor" means a person who is a qualified auditor under section 91 of the 2014 Act.
- 6.7.2 The appointment of an External Auditor shall be ratified by a majority of votes cast at an AGM.
- 6.7.3 The appointed External 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. The External Auditor is also entitled to be heard at any meeting which they attend on any part of the business of the meeting which concerns them as appointed auditor.

6.8 Regulatory returns

- 6.8.1 The Credit Union shall comply with all regulatory return requests as laid down by the Regulator.



Section 7

Glossary

7. Glossary and defined terms

Term	Meaning
<i>AGM</i>	stands for Annual General Meeting and is a General Meeting of Members held annually.
<i>Adjournment</i>	means postponing proceedings at a meeting of the directors or a General Meeting or ending or dismissing further business at such a meeting.
<i>Amendment</i>	in relation to the Rules of the Credit Union, includes the addition of any new Rule or the deletion of any existing Rule.
<i>Adult membership</i>	means a Member over the age of 18 that holds full membership rights.
<i>Board and Board of Directors</i>	means the individuals elected as Directors to collectively govern the Credit Union in accordance with the provisions of these Rules.
<i>Board Secretary</i>	means a Director who holds additional administrative responsibilities on the Board including ensuring compliance with the Rules.
<i>Bona Fide Organisation</i>	is an organisation that has a commonality of interest amongst organisation members, for example a Trade Union.
<i>Chairperson</i>	means a director of the Board that presides over meetings of the Board or General Meetings.
<i>Chief Executive Officer</i>	means the highest-ranking Employee in the Credit Union that is ultimately responsible for management of the Credit Union.
<i>Child Trust Fund</i>	means a long-term savings or investment account for children in the United Kingdom.
<i>Co-opted Director</i>	means a Director who is temporarily appointed until the next General Meeting in accordance with Rule 5.5.
<i>Committee of the Board</i>	is a Committee of Directors drawn from the Board of Directors, called for a particular purpose.
<i>Common Bond</i>	is the criteria for membership of a Credit Union which can be geographic, employment based, or both.
<i>Corporate Member</i>	a corporate body that fulfils the criteria of Rule 2.5.
<i>Corporate Representative</i>	the person nominated to represent an incorporated Corporate Member.
<i>Credit Union</i>	a Credit Union is a financial mutual that is run by its Members, for its Members.
<i>Deferred Shares or Shareholdings</i>	means Shares that do not have any rights to the assets of a Credit Union undergoing bankruptcy, until all Members are paid.
<i>Deposit</i>	shall have the meaning ascribed to it by the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 – SI2001/544.
<i>Director</i>	means a Non-Executive Director of the Board of the Credit Union and includes any Board Chairperson, Board Vice-Chairperson or Board Secretary.
<i>Dissolution</i>	is the process where the Credit Union is wound up and is no longer operating due to either insolvency or where three quarters of the membership petition for it and is approved by the Regulator.
<i>Dividend Bearing Share</i>	means Shares of the Credit Union that are only eligible for a dividend payment.
<i>Electronic Means</i>	means any real time interactive session which allows the Members to attend and participate in a General Meeting such as a live webinar, audio conferencing, online meetings (e.g., Skype call or video links) or any other electronic method as may be set out in the Voting Policy.
<i>Employed in the locality</i>	“Employed in the Locality” under the Common Bond Rule (2.1) is defined as the usual place of employment which a person commutes to that is located in the Common Bond.
<i>Employee</i>	means an Employee of the Credit Union and includes personnel who are contracted to work for the Credit Union.

<i>External Auditor</i>	means a qualified accounting firm listed on the official audit register who conduct audits, reviews, and other work for the Credit Union. An External Auditor is independent of the Credit Union and is in a good position to make an impartial evaluation of the financial statements and systems of controls.
<i>Financial Year</i>	"Financial Year" normally means 1 October to 30 September.
<i>General Meeting</i>	means a meeting of Members which may be in the form of an AGM or an SGM.
<i>Interest Bearing Shares</i>	means Shares held by Members that entitle them to payment of interest but not dividends.
<i>Internal Auditor</i>	is an independent firm that undertake objective assurance and consulting activity for the Credit Union to add value to and improve its operations.
<i>Investigator</i>	means an independent external body that is requested by the Board to carry out an investigation into a Director or Directors.
<i>Joint Account</i>	means a secured loan account that is held jointly by two Members.
<i>Jointly and Severally Liable</i>	is liability of more than one person for which each person is liable to pay back the entire amount of a debt.
<i>Junior Depositor</i>	means a depositor under the age of 16 as defined by Rule 2.4.
<i>Legal seal</i>	is a legal instrument for use with official Credit Union business.
<i>Majority vote</i>	means more than half of the votes cast by the Members at a General Meeting.
<i>Member</i>	as laid out in Rule 2.4.1. This includes individuals and Corporate bodies.
<i>Motion</i>	a "Motion" is a proposal to be put to Members at a General Meeting that Members are asked to vote upon.
<i>Named Employer Partner</i>	means organisations that provide their workforce with direct access to the Credit Union through payroll deduction (direct from their wage each payday), to facilitate saving and repaying loans or mortgages.
<i>Non-Deferred Shares or shareholdings</i>	are ordinary Shares of the Credit Union.
<i>Office</i>	is a reference to a Director's position which is said to be held "in office."
<i>Partner</i>	the person nominated to represent an unincorporated Corporate Member.
<i>Permissions</i>	means regulatory Permissions under the Financial Services and Markets Act 2000.
<i>Power of Attorney</i>	is a legal document that appoints someone else to make decisions and look after the granter's affairs on their behalf.
<i>Pre-Cast Electronic Vote</i>	means any vote which is cast by a Member electronically prior to a General Meeting via secure means and collected by a third party which shall be responsible for collecting electronic votes.
<i>Pre-Cast Postal Vote</i>	means any vote which is cast by a Member prior to a General Meeting by post which is securely received by a third party which shall be responsible for collecting postal votes.
<i>Prescribed responsibilities</i>	are an element of the Senior Managers Regime. They are specific responsibilities that a firm must give to a Senior Manager and are designed to ensure that a senior manager is accountable for all key conduct and prudential risks at a firm.
<i>Quorum</i>	the minimum number of Members of the Credit Union that must be present at any of its meetings to make the proceedings of that meeting valid.
<i>Regulations</i>	means regulations and rules made by the Regulator or by the Treasury within a statutory instrument.
<i>Regulator</i>	means the Financial Conduct Authority and or the Prudential Regulation Authority or other bodies in place under the Financial Services and Markets Act 2000.
<i>Regulatory approval</i>	means approval by the Regulator of any regulatory regime in force at that time.

<i>Reserves</i>	also known as “Capital.” This is a regulatory requirement where the Credit Union must keep aside a percentage of funds to ensure its future resilience.
<i>Resolution</i>	a Resolution is a Motion that Members have voted in favour of; a Motion that Members have not voted in favour of cannot become a Resolution.
<i>Senior Manager Function</i>	is a function under the regulatory regime in place for banks, building societies and Credit Unions to ensure individuals are held to account for their actions.
<i>Shares</i>	shall mean, for the purposes of these Rules, savings held by each Member of the Credit Union
<i>Standing Orders Committee</i>	means a committee made up of Members to review any Member-proposed rule changes, and to review the standing orders in place for General Meetings.
<i>Surplus</i>	also known as "profit", this is where the Credit Union makes financial gain from its income versus expenditure each Financial Year.
<i>Terms of Reference</i>	are the scope and remit a Committee works within to achieve its purpose.
<i>Trustee</i>	includes parent, grandparent, or legal guardian in the context of these Rules.
<i>Vice-Chairperson</i>	means a director of the Board that presides over meetings of the Board or General Meetings in the absence of the Board Chairperson.
<i>Voting Policy</i>	means the policy on (a) casting votes by post or online ahead of a General Meeting; and (b) attending General Meetings by Electronic Means, which the Board of Directors may establish for the Credit Union from time to time in accordance with Rule 4.10.