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Investește în oameni!

Proiect cofinanțat din Fondul Social European prin Programul Operațional Sectorial Dezvoltarea Resurselor Umane 2007 – 2013

Axa prioritară: 6. „Promovarea incluziunii sociale”

Domeniul major de intervenție: 6.1. „Dezvoltarea economiei sociale”

Titlul proiectului: ICAR Incluziune prin microcredit și Ajutor Reciproc – strategie sustenabilă a economiei sociale pentru ocupare și creare de întreprinderi sociale

Cod Contract: POSDRU/173/6.1/S/148102

Best practices in credit unions Great Britain

A. Identification data	
1. Name of the credit union	Lodge Lane and District Credit Union (Liverpool) Ltd
2. Location/Address of the credit union	81 Lodge Lane, Liverpool L17 3AU
3. Website	www.lodgelanecu.org.uk
4. Mission statement	To provide affordable financial services to our community.
B. Good practice of the credit union	
Aspects of the credit union that demonstrate good practice in (please chose the best performing activity of your organisation):	Through the provision of a savings and loans service to members based on co-operative principles, we are able to help members improve their financial knowledge and understanding, thereby enabling them to be more in control of the financial aspects of their lives.
- Accountability to the membership	The credit union is based on one of the most economically and socially deprived areas of England and Wales, Toxteth in Liverpool. 93.7% of Toxteth is in the top 10 per cent of the most deprived areas nationally.
- Loans for a business purpose	52.9% of children are deemed to live in poverty and 26.9% of working aged adults is not working (see statistics for Princes Park Ward Liverpool (http://liverpool.gov.uk/media/121041/princespark.pdf)).
- Activities to improve members' financial capability	A large proportion of the members would be out of work or in receipt of welfare benefits.
- Financial services to disadvantaged members/ non-profit organisations	
C. Context:	
1. Year of registration	1989
2. Context of start-up – profile of the founding members and their economic social rationale.	The founders of LLCU made a conscious effort to recruit a range of people from diverse backgrounds and ethnicity. These included professional people and those on welfare benefits. They recognised that whilst the area to be served had lots of disadvantages, it was important to have people with the necessary skills to sustain the initiative. They established the principle that our credit union is for everyone, irrespective of their financial status.
3. What are the main services of the credit union? Please describe them in a few words referring to:	- Our main services remain our savings and loans business. - We have Loan Protection and Life Savings Insurance, at no cost to the individual member –Provided by CUNA Mutual Insurance.



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<ul style="list-style-type: none"> - Savings - Loans - Mortgages - Financial aid / insurance in case of sickness/death/ etc. (for members) - Loan for business purpose - Current accounts - Online access to accounts and information - Other services 	<ul style="list-style-type: none"> - We offer loans for business purposes, broadly the same conditions and interest rates as for individual members. - We provide mainly a personal service to members, who can access account balances and information, request withdrawals and loan applications via email, or telephone. We pride ourselves on the prompt, yet personal service, that our members appreciate (note we have looked into online direct access using software technology and find this to be a very expensive use of our members' money). - Budgeting service (payment of bills for members from their regular savings deposit) - Junior Accounts - savings of members under 16 years of age
4. Geographic and other coverage with respect to the provision of services (common bond).	<p>Anyone who lives works or has an association with an bona fide organisation across the Liverpool postcodes L1, L2, L3, L7, L8, L15, L17, L18.</p> <p>Any business or organisation located in the same postcodes.</p>
D. Ownership and membership	
1. What is the ownership structure of the credit union? Please refer to: profile, number of member shareholders by type, and relative shares held.	<p>Ownership rests with members' drawn from the above common bond.</p> <p>Currently: 2600 Individual members with shares of £1.4 million</p> <p>35 Business/organisations with shares of £150 000 shares</p> <p>388 juniors with deposits of £ 33000</p>
2. Please describe any mergers and transfers of engagement.	In July 2010 we merged with Earle Lawrence, a neighbouring Credit Union which transferred engagements to LLCU.
3. Please describe the main changes in membership (number and structure) over the last 10 years.	Main change was as a result of legislative changes (LRO) in January 2012, allowing us to have corporate accounts for the first time (thus local associations, companies, societies and businesses can become members).
4. Describe in a few words the voting rights of members.	One member - one vote at AGMs and other General Meetings.
5. If membership, what are the conditions an individual has to meet to become a member? Please describe the entry policies and conditions (e.g. residence area, profession, religious background etc.).	<p>The only condition for membership is that they fulfil the Common Bond as outlined in C4 above, and that they deposit at least a £1 share. We also have a one-off £4 joining fee.</p> <p>Junior members can join from birth, and become full voting members at 16 years, although not able to access loans until aged 18.</p>



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6. Please describe the major changes during the credit union's history in the conditions of accepting a new member, if any.	Money Laundering regulations now require that we verify the member's personal ID and current address. If they live outside of our common bond area, then we also require seeing the evidence of their place of work, or confirmation that they belong to an organisation within our boundary.
7. Is a capital contribution required? If so, how much?	£1 share capital and £4 one-off joining fee.
8. Is a regular share deposit required? If so, how often and how much is it?	We prefer members to make regular share deposits, but we cannot enforce this. However, the regularity and amount of share deposits would have an effect on a loan application.
9. Please describe the policies in regard to savings (shares) withdrawal.	We adhere to CREDS (the UK credit union rule book – on the website of the Prudential Regulation Authority, Bank of England) and our Rule book is attached shares if the member has a loan. Otherwise no restrictions on withdrawing shares. However, we encourage members to maintain their shareholding if possible by: a) informing them of the benefits of the Life Savings and Loan Protection Insurance b) A lower interest rate for loans if less than their shareholding.
10. Does your organisation have dormant members? How is dormancy defined? If yes, how many are registered and what amount of savings do they have.	Although the Board can declare dormant accounts if wish to, we don't usually do so. Also we continue to add dividends to older accounts.
E. Governance	
1. Describe the governance structures of the credit union (general assembly, board, management, committees, etc.), number of members and method of selection (appointed or elected and by whom), term of election, representation criteria (e.g. gender balance).	<p>The members are the owners of the credit union and they have one vote at the Annual General Meeting and other general meetings. The members elect the board of directors and the board is accountable to the membership in general meetings.</p> <p>The board has an upper limit of 15 directors but there are 9 in practice. These directors are all volunteers. The CEO (manager) is not a member of the board in LLCU but attends all board meetings but does not have a vote.</p> <p>The aim is to have a board representative of the community, at the moment there are 2 female and 7 male directors, 2 out of the nine are from ethnic minorities.</p> <p>The credit union also has a credit committee of five people, 4 women and one man (2 of whom are also directors). This committee is appointed by the board. This committee is responsible for the oversight of loans policy but also making decisions on loan applications. Volunteers are involved in operational activities in LLCU and the committee members (not the directors who are all volunteers) are not employed staff and volunteers.</p> <p>There is also a directly elected volunteer supervisory committee. This committee is elected by the</p>



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membership to carry out the internal audit of the credit union and oversee the good running of the board of directors and the credit union. It has oversight responsibility of the board and reports directly back to the members at the AGM (note this is the traditional method of ensuring internal audit in volunteer community credit unions). As credit unions get larger they often replace this committee with an internal audit committee of the board and employ professional internal auditors to undertake the work. In LCCU this committee is all volunteers). At the moment there are two members of the committee, one man and one woman, one of whom is from an ethnic minority.

The method of selection for the board and committees is based on whoever puts them forward for consideration at the AGM, there is no formal application process but the board is concerned to ensure that only people with the relevant capability and skills put themselves forward. In LCCU, there is a strong focus on being a community credit union and we look for directors from among the members first of all. In fact we have found we can find professional people, including solicitor and accountants from among the members. Unlike some other perhaps larger credit unions, we do not advertise for board members from outside of the membership.

There is no executive committee of the board, but this is being actively considered at the moment and is likely to be introduced.

There is a salaries sub-committee of volunteer directors – see below.

2. What are the main responsibilities and roles of the various governance bodies?

These are defined in the rule book (LCCU follows the 2012 ABCUL rule book attached) and in CREDS (<https://www.handbook.fca.org.uk/handbook/CREDS/>).

Extract from the rule book – **Board of Directors**

*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;*



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- 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, other than the supervisory committee, subject to rules 111 and 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 supervisory committee;*
- r. Purchase, hold, lease, sub-lease, rent, sell, mortgage, manage and develop property and land required for the purpose of conducting the business of the Credit Union thereon, 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, except members of the supervisory committee, for failure to perform their duties or breach of these Rules;*



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- w. Suspend any or all of the members of the supervisory committee as provided for by rules 133 and 134;
- 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, its 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.

Supervisory committee

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

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



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	<p>131. <i>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.</i></p>
<p>3. How often and in which form does the governance structure give reports and other information to the members? How members are kept informed with all the aspects that concern the activity and the management of the credit union?</p>	<ul style="list-style-type: none"> • AGM annual report - attached • Occasional newsletters to members • Website – information available on website • Going on Twitter – but not on it yet – but the use of Twitter is planned • Regular email messages to members - 25 per cent of members have an email account. Given the nature of the community the credit union serves, financial exclusion often goes alongside digital exclusion. Many people on very low incomes do not have an email account. <p>Also the accounts of the credit union must be available to the members in the following rule - Availability of accounts:</p> <p>142. <i>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.</i></p>
<p>4. Does the credit union undertake annual external audit verification? Please describe the procedure.</p>	<p>Yes – as required by the UK Government regulator – an external audit is obligatory and is the basis of the annual return to the Prudential Regulation Authority (Bank of England). The auditor is appointed directly by vote at the AGM to ensure direct accountability to the membership.</p> <p>The following is an extract from the rule book:</p> <p>Appointment of auditor</p> <p>140. <i>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.</i></p> <p>141. <i>None of the following persons shall be appointed as an auditor of the Credit Union:</i></p> <p>a. <i>An Officer or employee of the Credit Union;</i></p> <p>b. <i>A person who is the partner of, or in the employment of, or who employs, an Officer or employee of the Credit Union.</i></p> <p>Auditor's entitlement to attend meetings</p> <p>144. <i>The auditor shall be entitled to attend any general meeting of the Credit Union, to receive all notices of</i></p>



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	<p><i>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.</i></p> <p>The annual audit is carried out after the 30th September each year (year-end), normally within a period of a month or two after closing of the books for the year. The qualified auditor will set an audit plan in consultation with the manager and the supervisory committee. However the auditor has the right to see any and all of the documentation of the credit union.</p> <p>The external auditor was also involved when the credit union received the transfer of engagements of another credit union.</p>
5. Does the credit union undergo internal audit verifications? Please describe the procedure.	<p>The internal audit verifications are carried out by volunteers on the supervisory committee. The credit union is conscious that this is not as rigorous as an internal audit carried out by a professional firm of auditors, but it does give a certain level of protection to the credit union.</p> <p>The supervisory committee members would normally check the accounts and the documentation of the credit union, including share and loan documentation. They would also normally carry out independent bank reconciliation.</p>
6. Are there external independent board members?	<p>There are no independent board members. The supervisory committee members are independent but not members of the board of directors (however interestingly they are classified by the regulator as a form of non-executive director – even though they have no voting rights).</p>
7. Describe management and board salary/ compensation policies and how they are decided/determined.	<p>Board members are all unpaid volunteers and undertake their role for the good of the community. They receive only out of pockets expenses. The salary of the manager is determined by the board according to what can be afforded from the income of the credit union.</p> <p>All salaries are determined by the staffing subcommittee which is comprised entirely of board members – As LCCU is a small community cooperative, the volunteer directors are involved in the operational decision making regarding the salaries of all the staff. Salaries are judged against affordability not against a standard benchmark for the sector.</p>
F. Services and products	
1. Please give a detailed description of each of the services and benefits offered to the members.	<p>Savings - There are 2 main accounts:</p> <ul style="list-style-type: none"> • Shares Acct. - Subject to a maximum shareholding based on the assets of LLCU. Current maximum is £23K. These shares are taken into account when member applies for a loan. To remain as a member, each person needs to hold a minimum of £1 share. If a member has a loan, the shares held at the time of granting the loan are tied to that loan and are therefore not normally withdrawable. Shares deposited after



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the loan is granted can be withdrawn, but in reality this does not happen often.

Members are encouraged to deposit shares regularly - weekly, fortnightly or monthly, but there is no minimum required for this.

- Flexi-Savings - A 2nd savings account can be withdrawn at any time with no restrictions, even if member has a loan above main shares amount. In essence this is also a shares account to comply with maximum limit on shareholding and for reporting to FCA and audit purposes.
- Accepting deposits. Members can pay:
 - a) By cash at any of our 5 collection points.
 - b) By Standing Order from their own bank
 - c) If in receipt of Government Welfare Benefits, these can be paid directly into LLCU
 - d) By agreement with an employer, salaries can be paid directly into LLCU

A dividend of one per cent was paid on savings last year

Loan Protection and Life Savings Insurance (LP/LS) – Provided by CUNA Mutual Insurance.

Both at no cost to the individual member, CU pay the monthly premiums. Benefits are broadly that the named beneficiary receives 100% of the share balance if member dies before age 65 years, 25% if dies between 65- 79 years. Subject to £5000 limit.

Loan is paid off if member dies before aged 70 years, subject to certain health conditions at time of loan granting.

Loans for personal or business reasons

Members aged over 18 years. 4 x Interest rates described elsewhere, based on factors such as length of regular saving, previous record of repaying, amount of shares held etc. Main criteria are affordability, asking if the member can show that they can afford the repayments. Loans are usually granted within a few days.

Budgeting Service

Offered to members if they appear to be not managing monies very well, e.g. if the member is frequently asking for top-up loans within a short period. Member is invited in for an in-depth budget review, and if needed referred to help from other agencies. Member will usually agree an Action Plan to make some needed changes in order to manage better.

Junior Accounts

From birth to 16th birthday. No fee charged for opening a Junior Account. At 16 years, they complete an adult membership form and pay the £4 joining fee. Savings can be withdrawn by parent or child, depending



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on age of child.

Accessible service points/ links with communities

Apart from our 2 main offices, we have weekly outreach service points in: a) A church hall; b) A community Centre; c) A school; d) A Children's Centre. In January 2016 we shall have a collection point in a 2nd school.

Personal service to members

They can access account balances and information, request withdrawals and loan applications via email, or telephone, or in person. We pride ourselves on the prompt, yet personal service that our members appreciate.

(Note we have looked into online direct access to their accounts using our software technology. We find this would be a very expensive use of our members' money. Our practice of keeping expenses to a minimum has contributed to our paying a dividend every year since 1992. The Board will keep this under review especially if there becomes a significant demand from our members for on-line access to accounts).

2. Describe the conditions that a member has to meet to be eligible for each of the services offered by the credit union (e.g. minimum saving balance, time in the credit union). Please refer to all the main services.

Loans – see above re loan granting conditions

Shares – no special conditions e.g. no minimum payments required, other than the need to maintain a minimum of £1 share to qualify for membership.

All of our services are only offered to members, no special conditions other than fulfilling the common bond as outlined in C4 above and maintaining minimum of £1 shareholding.

3. For loans (personal or for business purposes) how is the rate of interest established? Please describe by type. What was the level in 2014 and 2015?

Degree of risk, savings pattern, savings amount, length of membership.

Board determines Interest Rates based on affordability for members and required income generation to provide our services.

Our interest rates are determined by 2 main factors:

1. To create sources of credit for the benefit of members at a fair and reasonable rate of interest
2. To generate sufficient income to cover the costs of providing services to members

These were / are our rates in 2014 and 2015

	2014	2015
Loans secured by shares	8.30% apr (0.66% per month)	9.38% apr (¾% per month)
Saver loans	12.67% apr (1% per month)	16.08% apr (1¼% per month)
Standard loans	9.56% apr (1½% per month)	23.14% apr (1¾% per month)
Express loans	26.82% apr (2% per month)	26.82% apr (2% per month)

4. For saving accounts, does your credit

Dividend paid every year, depending on surplus generated and an agreed amount allocated to reserves.



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union give a dividend or does it pay interest? Please describe also how it is established. What was the level in 2014?	Dividend varies and has usually been 1.5 – 3%. 2014 Dividend was 1%. We do not presently offer Interest bearing deposit accounts. Our record on paying a dividend is the best on Merseyside.
5. Describe the procedures used in case of loan delinquency or default by a member.	We employ a Loans Repayment Officer with this responsibility. Personal approach initially, phone, texts letters. If need to we have applied to the courts for Attachment of Earnings Orders if the member is in employment. We have used debt collection companies, but this is not usually very successful. We are always willing to renegotiate loan repayments if a member is unable to meet the agreement.
6. Does the credit union have any procedures/practices to avoid of the over-indebtedness of members who apply for loans?	See F1 Budgeting.
7. Describe the programs and/or services for underserved / unserved clients/members.	We don't have specifically targeted services, but our credit union does cover an area which is not served by many financial services. In the area surrounding our main branches, there are no banks at all. In addition most of our members are on low income, with a high proportion on welfare benefits. <ul style="list-style-type: none"> • 62% have an income of less than £15K pa (21K Euro) • 35% have an income of between £15 - £30K (21 -42K Euro) • 5% have an income above £30 (42K Euro)
8. Does the credit union have specific activities to support the financial education of members? If yes, please describe these activities.	Not specific, but we feel that members learn in a more informal way. By using the credit union services, and the personal contact with staff and other members they become able to be more in control of their finances, making better choices and planning for the future for themselves and their families.
G. Membership/customer relation	
1. Please describe briefly the methods and practices of communication/relationship with members.	The credit union serves a small community area and many of the members would be known to the directors, volunteers and staff members. There is a strong focus on serving the community and ensuring that members know that they are part of a member-owned co-operative. However, communication with members is becoming more challenging. The reason is that the credit union is growing and it is hard to know everyone and more and more members are paying into the credit union electronically and so do not need to come into the office and meet the staff and volunteers face to face. The credit union is trying to introduce more electronic means of communication such as Twitter. For other means of communication see section E3 above.



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<p>2. Does the credit union operate dedicated software for information management? Please describe its main features.</p>	<p>The credit union runs on dedicated credit union software called Abacus, supplied by an Irish company Fern. Abacus is a comprehensive integrated front and back-office core system which includes member relationship management, financial management, credit portfolio management and reporting and Business Intelligence systems. It complies with regulatory and association reporting, reports for the regulator are already inbuilt, and can be linked to monitoring systems such as WOCCU PEARLS (http://www.fernsoftware.com/our-clients/credit-unions/)</p>
<p>3. Describe briefly the distribution of profits / benefits / surplus policies and procedures.</p>	<p>Profits are distributed by a dividend to members, after the statutory allocation to reserves. Education, Social and Cultural Fund. This is allowed under the rules provided that a CU has paid a dividend that year to the members. We offer small grants to members e.g. text books, sporting activity etc.</p>
<p>4. Describe the operation of the Financial Services Compensation Scheme and how this assists the development of your credit union. <i>For Romania:</i> Are members/owners liable for losses of the credit union? Describe how liability is shared.</p>	<p>Since 2002, the credit union has benefitted from the Financial Services Compensation Scheme through which the savings of each individual member are protected by the Government to the value of 100,000 euros (currently £75,000). This has offered credit unions – including LLCU – an immense benefit because all members know that their savings in credit unions are 100 per safe. Nobody in Lodge Lane CU has 100,000 euros in their account. It has resulted in much greater confidence in the credit union movement generally.</p>
<p>5. How does the credit union inform the members about the situation of their loan balances e.g. amount left to reimburse, rate of interest paid etc.?</p>	<p>Annual statement and statement on demand. Can come into the office at any time and request a statement or ask over the phone. Loan balance information is not yet available online on the internet.</p>
<p>6. Describe the strategy used for recruiting new members.</p>	<p>The recruitment of new members is mainly through word of mouth in the local community with current members telling new people about the benefits of credit union membership. The credit union is also present in community locations throughout the area – particularly in schools. Offering credit union junior accounts to school children often results in their parents joining the credit union. The credit union also attends local community events. These may be local festivals or awareness days organised by other organisations. The credit union will always have a stall so that it can speak to members of the community face-to-face.</p>
<p>7. Does the credit union have any programmes and/or procedures for member retention and/or loyalty</p>	<p>There are no specific programmes for member retention. However, all members are educated in the fact that they are the owners of the credit union and its success depends on their involvement engagement. We find the longer a member remains in the credit union, the more committed they become. Very few</p>



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<p>programmes? Please describe briefly. What are the main reasons for which members decide to leave the credit union? Are these taken into account in developing the strategy?</p>	<p>people leave because they are dissatisfied with the credit union or its service. People leave mainly for two reasons:-</p> <ul style="list-style-type: none"> – They move out the area and lose local contact. People who leave the area can remain as members but often they do not as they are no longer part of the social and community networks in Toxteth. – They have defaulted on loans and failed to repay. When this happens any savings they have are taken to repay the loan and they automatically lose their membership as they need to retain at least £1 in the credit union to be a member.
<p>8. Does the credit union have any tools for measuring members' satisfaction? If yes, please describe briefly.</p>	<p>Member satisfaction surveys have been done in the past – but they are not a regular feature of the credit union. The credit union has close contact with its members and listens to what they say when they come into the office and meet the staff. Staff endeavours to sort out any problems members have before they result in a formal complaint.</p>
<p>9. Does the credit union have any procedures for taking of members complaints? Please describe them.</p>	<p>All credit unions have to have a complaints procedure – it is a regulatory requirement. Low level complaints are dealt with informally but there is an official complaints procedure set by the regulator. The complaints reporting form for sending to the regulator is attached.</p>
<p>H. Strategy</p>	
<p>1. Describe briefly the business strategy looking at aspects such as: main products/services, market niche, market share, quality and pricing/costs and <u>main changes</u> occurred in time.</p>	<p>Our main business strategy is to continue to provide a quality, personal financial service to our members at a price that they can afford.</p> <p>Our main income is derived from interest which members pay on loans, and we would always wish for this to be better than interest rates they can obtain elsewhere. Many of our members have little access to mainstream financial services and, without the credit union, would have to use the many high-cost credit providers that operate in the UK. The local home credit provider, for example, charges in excess of 300 per cent APR on loans.</p> <p>Our main products are as listed above, but we have no plans for introducing e.g. current accounts in the near future. However, imminent changes to legislation may enable us to offer mortgages. Note: Our Board will be updating our Business Plan in the near future.</p>
<p>2. Describe briefly the relation between the business strategy and the social mission of the credit union.</p>	<p>The credit union has both social and economic goals</p> <p>The social goals include:</p> <ul style="list-style-type: none"> – People helping people in the community – Giving people control over their financial destiny – Enabling mutual self-help and reliance – Empowerment of individuals and communities through the creation and control of a successful



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	<p>enterprise</p> <ul style="list-style-type: none"> – Building community cohesion and solidarity – Education in the wise use of money – Instilling democratic and cooperative values within the community <p>The economic goals include:</p> <ul style="list-style-type: none"> – Giving people a better deal on financial services (especially savings and loans) – Establishing a sustainable community controlled financial institution – Ensuring surpluses are repaid to members in dividends on savings – Creating jobs in the community – Keeping the for profit sector honest <p>The business strategy aims both to achieve the economic goals of the credit union and its social mission. The two are interwoven and entwined. Credit unions have had to learn that they cannot achieve their social goals without first building a sustainable community business. They have also learnt that they cannot create a sustainable community business without offering members the kind of products and services they want and need. Credit unions need to be effective businesses to achieve social goals for their members.</p>
3. How are members involved in defining the credit union's strategy and activity? Please describe briefly.	<p>Through at, and voting at AGMs. With such a personal service and direct contact with members, we are in a position to listen to their wishes, and take suggestions if they feel changes need to be made. Special General Meetings are called for a major change e.g. Transfer of Engagements from neighbouring credit union.</p>
4. Which are the other stakeholders that you work with? Please describe briefly the methods and practices of communication/relationships with them.	<p>The local authority, Liverpool City Council, has been a strong supporter of credit unions in the city and has funded them in the past. The Council would have a stake in the success of the credit union and offers credit union facilities to all of its employees (through a different credit union). Other stakeholders are:</p> <ul style="list-style-type: none"> • Churches – both Roman Catholic and Church of England. There is a credit union service point in a church. Over the last two years, the Liverpool Credit Champions Network set up by the Archbishop of Canterbury has supported all credit unions in the city. • Housing associations – which help their tenants to join the credit union • Advice agencies – including the Citizens Advice Bureau – which links with the credit union to offer money and debt advice to the members.
5. Please describe briefly the strategic partners or alliances that the credit union has.	<p>Liverpool City Council – has been a strategic partner in the past and assisted the growth of credit unions in Liverpool. It is less actively involved at the moment. Housing associations are important partners in reaching their tenants, 70 per cent of who live on welfare benefits.</p>



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I. Human resources	
<p>1. Human resources - personnel</p> <ul style="list-style-type: none"> - No. of employees (by gender, ethnic background, vulnerable employees) - No. of volunteers (by type, if the case) 	<p>One male manager who works part-time for 20 hours but does many more voluntary hours as well.</p> <p>One full time administrator – female</p> <p>One credit controller/ administrator – full time –female</p> <p>Accounts assistant – part time</p> <p>One membership assistant – full time</p> <p>Cleaner – part time</p> <p>Plus 20 volunteers – including the board members – who are all involved in the operations of the credit union - working on service points, staffing the branches, assisting in the office and helping with the accounts etc. (see below – question on volunteering)</p>
<p>2. Please describe the employment policies that credit union has. Does the credit union have any special benefits for employees only?</p>	<p>No special benefits for employees. Employment policies comply with national legislation. One important policy is that we recruit from members and volunteers first. We advertise in local community publications but the focus is recruiting paid staff from volunteers and members.</p>
<p>3. Please describe equal opportunities policies and practices, if any and work integration plan/programme for vulnerable employees, if any.</p>	<p>Follow the UK law on employment law, but also always include equal opportunities for the members, this includes access and opening times and we also offer manual cash based services as well as automated, electronic services. The use of cash in low-income communities is often important for people as they are not yet fully digitally included or confident with electronic payment systems.</p> <p>We have a special focus on integrating vulnerable employees – and jobs would be designed with the person in mind to enhance strengths and abilities and not put people in difficult situations</p>
<p>4. Please describe volunteer recruitment policies and volunteer roles.</p>	<p>The policy is to recruit volunteers mainly from the members.</p> <p>Front line of staff tends to recognise members with volunteer potential when they come into the offices and they ask them to help. They seek out members who are employed by other community groups or involved in the community, such as in residents' associations.</p> <p>Volunteer will normally be asked to help operationally but some with particular skills may be asked to consider becoming a board member from the outset.</p> <p>The credit union does not usually offers of help from people whose main aim is to enhance their CV and improve their employment prospects.</p> <p>Lodge Lane Credit Union depends on the high active involvement of volunteers – they run service points and the desk in main office, they undertake background administration, help with the accounts (treasure and assistant treasure are volunteers) and promote the credit union in the community. The credit union</p>



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could not run without volunteers. Volunteers are much important; however, than a cheap source of labour, it is through a network of volunteers that the credit union remains close to people in the community. The credit union has written volunteer agreements which people sign to demonstrate their commitment to the credit union. In return the credit union ensure that they are well supported and trained. Some volunteers only volunteer once a week, others more often. The credit union pays volunteer expenses – the policy is that volunteers should not have to spend their own money to cover expenses. The credit union provides lunch for people if they are volunteering over lunch time. The credit union only pays legitimate expenses

J. Performance measurement:

1. What indicators and procedures does the credit union use to measure its business and social performance? We use a variety of CAMEL / PEARLS ratios which, in our opinion, measure our business and social performance and regulatory compliance in a manner appropriate to our size and business model. These ratios are calculated by our Accounting Assistant, and the results are presented to each month's Board meeting by the Treasurer.

2. Yearly financial results – in the last 3 years, using your organisations' financial performance indicators

3. Indicators	2012	2013	2014
a. Assets (raw numbers)	£1,291,313	£1,683,815	£1,915,633
b. Capital / Asset ratio	15.3%	11.9%	10.3%
c. Turnover	£2,147,526	£3,003,567	£3,464,819
d. Profit/loss	£23,175	£13,807	£8,951
e. Total amount of loans offered (by type of loan)	Loan secured by shares £ 2,346 Saver loan £ 492,149 Standard loan £ 6,265 Express loan £ 117,106 Total £ 617,867	Loan secured by shares £ 34,749 Saver loan £ 503,809 Standard loan £ 2,400 Express loan £ 134,559 Total £ 675,517	Loan secured by shares £ 69,032 Saver loan £ 404,040 Standard loan £ 106,363 Express loan £ 109,563 Total £ 688,997
f. Maximum and minimum value of a loan	Minimum £20 Maximum £10,000	Minimum £20 Maximum £15,000	Minimum £25 Maximum £15,000
g. Medium loan	£500	£400	£450
h. Number of borrowers	532	536	517
i. Income from interest rates on loans	£115,716	£124,204	£123,031
j. Deposits/ savings of members	£1,022,038	£1,270,340	£1,542,416
k. Expense/asset ratio (%)	16.4%	9.4%	8.5%



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l. Bad debt write off (% of loans outstanding)	9.7%	13.8%	3.9%
m. Number of loans outstanding	753	665	641
n. Average loan for a business purpose value	Not applicable	£4,206	£3,103
o. Number of borrowers that took loans for a business purpose	0	18	24
p. Number of members that benefited of other services (by type of service, including financial education activities)	Flexi-Savings accounts 294 Young members accts 269	Flexi-Savings accounts 352 Young members accts 297	Flexi-Savings accounts 396 Young members accts 332
Contact info Contact person Email			
David Buttle – Manager - lodgelane.creditunion@phonecoop.coop Marie Gray – Director - m22gray@blueyonder.co.uk			



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All previous rules rescinded

Rules of

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:

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

Registered office

2. The registered office of the Credit Union shall be at:

.....
.....
.....
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:

[illegible]

Insert common bond map

Limitations on membership

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

Joint Accounts

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

Non-qualifying Members

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

Junior savers

13. The credit union may take deposits from a person who would otherwise qualify for membership of the credit union according to rule 7 of these rules and is under the age at which, defined in rule 14 of these rules; he may become a member.
14. A junior saver, who is eligible for membership of the credit union according to rule 7 of these rules, shall convert to full membership of the Credit Union upon reaching the age of [.....], 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. Subject to the receipt of notice of expulsion in accordance with these Rules, a Member shall be suspended from participation in the Credit Union pending the completion of an investigation. The investigation may recommend the Member's subsequent expulsion from membership of the Credit Union. Any recommendation for expulsion shall be voted upon by passing a resolution carried by a majority present at a joint meeting of the Board of Directors and of the supervisory committee.
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, and shall contain a reference to the expulsion appeals procedure. The notice of expulsion of the Member shall not become effective until 30 days after the date of posting the notice of expulsion or until the result of any appeal, if any, whichever is the later.

Appeal against expulsion

26. A Member shall have 14 days from the receipt of a notice of expulsion to request an appeal against their expulsion. The Board of Directors shall, upon a request received in Writing from the Member on whom the notice of expulsion has been

served, convene a special general meeting of the Members to consider the matter of their expulsion. The meeting shall be held not later than 60 days after the date on which the expulsion notice has been served on them. The Member shall have the right to be represented and heard at such special general meeting. The special general meeting shall have the power, by a majority decision of Members present, to confirm the Member's expulsion or to direct that they shall remain a Member of the Credit Union. The result of the appeal shall be final.

Liability of withdrawn and expelled Members

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

Availability of Rules

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

Dormant accounts

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

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 supervisory committee shall be informed of the details of any such loan within 14 days of its approval.

64. A Credit Union must not make a loan to one of its Board members, Officers or Approved Persons on terms more favourable than those available to other Members of the Credit Union unless that Member is also a paid employee of the Credit Union.
65. A Credit Union must not make a loan to a Relative of, or any person otherwise connected with, a member of the Board of Directors, an Officer, an Approved Person or employee of the Credit Union on terms more favourable than those available to other Members of the Credit Union.

Insuring Members' loans

66. 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. The maximum amount payable as dividend on Dividend Bearing Shares shall not exceed [...] per cent] per annum (or such other maximum rate as may be determined by the Board of Directors). If a surplus has been achieved, and dividends are payable, the Board of Directors shall recommend the rates of any dividend payments for agreement by the Members at the annual general meeting.
73. If a decision has been made to dissolve the Credit Union then the dividend payable on Dividend Bearing Shares shall not exceed 8% per 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 or the supervisory committee 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 by the supervisory committee using the procedure set out in rule 132 and has not tendered their resignation within 7 days of said suspension then the supervisory committee shall convene a special general meeting of the Credit Union to be held no later than 30 days following the suspension. If the majority of the Members present at such a meeting so vote by secret ballot they may:
- a. Ratify the suspension and remove from office the person so suspended and shall determine the manner in which the vacancy caused as a result of the removal shall be filled. It shall be ensured that the vacancy is filled following the requirements of these Rules and subject to any regulatory requirements relating to Approved Person status. Any vacancy shall be filled at the meeting;
 - b. Rescind the suspension;
 - c. Remove from office any other Officer of the Credit Union (whether or not he or she has been suspended by the supervisory committee) 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, supervisory committee and the credit committee (if in existence) of the Credit Union.
91. Elections for the Board of Directors and supervisory committee of the Credit Union shall be conducted by secret ballot unless undertaken prior to the annual general meeting by postal vote. Except where otherwise specified in these Rules or law, all questions shall be resolved by a simple majority of votes cast.
92. A Member is able to exercise the right to speak and vote at a general meeting of the Credit Union and is deemed to be in attendance when they and all those attending the meeting are in a position to communicate with each other. The Directors may make whatever arrangements they consider appropriate to enable those attending a general meeting of the Credit Union to exercise their rights to speak or vote at it including by electronic means. In determining attendance at a meeting of the Credit Union, it is immaterial whether any two or more Members attending are in the same place as each other.

Chairperson

93. Every general meeting shall have a chairperson, who shall not be entitled to vote unless the number of votes cast are equal, at which point he or she shall have a casting vote. The 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 [.....] 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, the supervisory committee 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% 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, other than the supervisory committee, subject to rules 111 and 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 supervisory committee;
 - r. Purchase, hold, lease, sub-lease, rent, sell, mortgage, manage and develop property and land required for the purpose of conducting the business of the Credit Union thereon , 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, except members of the supervisory committee, for failure to perform their duties or breach of these Rules;
 - w. Suspend any or all of the members of the supervisory committee as provided for by rules 133 and 134;
 - 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, its 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 to the president or to the supervisory committee;
 - h. They are deemed to have vacated their office in accordance with rule 119;
 - i. They are removed by a resolution of a majority of the Members of the Credit Union present at a special general meeting called for that purpose by the Board of Directors or by the supervisory committee or by the Members provided that such an Officer shall be given at least 14 days notice of the meeting and of the intention to remove him or her from office;
 - j. 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 a supervisory committee. The Board of Directors and the supervisory committee shall agree the Terms of Reference of the supervisory committee. Members of the supervisory committee shall not be members of the Board of Directors, or any other permanent committee of the Credit Union, or be employed by the Credit Union, and shall be elected in accordance with the provisions of these Rules.
130. If a vacancy occurs on the supervisory committee its remaining number shall have the power to co-opt a replacement for the remaining term of office. The supervisory committee shall be notified of all meetings of the Credit Union and be entitled to attend such meetings, including meetings of the Board of Directors of the Credit Union. The supervisory committee shall report each year to the annual general meeting.
131. The supervisory committee has the power to recommend to the Board that the internal audit function be outsourced. The 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 supervisory committee 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 the opinion of the supervisory committee is guilty of a persistent or serious breach of the law in relation to the Credit Union, these Rules or the policies laid down by the Board of Directors. Whether or not it suspends any Officer, the supervisory committee may by unanimous decision convene a meeting

of the Board of Directors or a special general meeting of the Credit Union to consider such an action, at which meetings such Officer(s) shall be given an opportunity of state their case and/or be represented.

Suspension from the supervisory committee

133. The Board of Directors may, by a majority vote of the entire membership of the Board at a special meeting called for the purpose, suspend from office the supervisory committee or any of its members, for any grave and sufficient reason.
134. Whenever a member(s) of the supervisory committee has been suspended from office under the preceding rule, and within 7 days of said suspension has not submitted their resignation, the Board of Directors shall convene a special general meeting of the Credit Union to be held not later than 30 days after the suspension. If a majority of the members present at such a meeting so signify by secret ballot they may:
 - a. Ratify the suspension and remove from office the person so suspended and shall determine the manner in which the vacancy caused by the suspension shall be filled, and shall fill the vacancy at such meeting;
 - b. Rescind the suspension;
 - c. Remove from office any other Officer of the Credit Union (whether or not he or she has been suspended by the Board of Directors) and determine the manner in which the vacancy caused by the removal shall be filled.

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

OFFICERS AND EMPLOYEES

Conflict of interest

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

Confidentiality

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

Record of account

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

Conducting transactions

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

Nominations

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

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

Claims on accounts of deceased, bankrupt or insolvent Member

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

Incapacity

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

SEAL

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

AMENDMENTS TO RULES

Amendments to Rules

154. The Rules of the Credit Union may not be amended except by a resolution passed by not less than two thirds of the Members present and eligible to vote at a general meeting of the Credit Union. Notice of the proposed alteration must be given in Writing alongside the notice of the meeting.
155. Any Member of the Credit Union may, before the first day of October in any year, propose an amendment to the Rules by serving notice of the proposed amendment to the Board of Directors who must incorporate the proposed amendment in the agenda of the next general meeting of the Credit Union.

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

COMPLAINTS AND DISPUTES

Internal complaints procedure

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

DISSOLUTION

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

9 Annex 1R Credit union complaints return

(for FCA use only)

Credit union complaints return

FCA Handbook Reference: CREDS 9 Annex 1R
This is the report referred to in CREDS 9.2.1R

Please read the notes on completion before completing this return

Firm details and reporting period

Section 1

1.01	Firm reference number																		
1.02	Name of credit union																		
			mm		yyyy		mm		yyyy										
1.03	Reporting period	From				To													

Nil return declaration

Section 2

SECTIONS 1 AND 6 MUST STILL BE COMPLETED.

2.01	We wish to declare a Nil Return (Tick the box if applicable)	Nil return	<input type="checkbox"/>
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Complaints outstanding

Section 3

3.01	Number of complaints outstanding as at reporting period start date	
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Complaints opened during reporting period

Section 4

Product/service grouping	Product/service	Advising, selling and arranging	Terms and disputed sums/charges	General admin/customer service	Arrears related	Other
Banking and credit cards	Current accounts					
	Credit cards					
	Overdrafts					
	Savings (inc. Cash ISA) and other banking					
	Equity release products					
Home finance	Impaired credit mortgages					
	Other regulated home finance products (including second and supplementary charge mortgages)					
	Other unregulated home finance products					
	Payment protection insurance					
General insurance and pure protection	Other general insurance					
	Critical illness					
	Income protection					
	Other pure protection					
	Personal pensions and FSAVCs					
Decumulation, life and pensions	Investment linked annuities					
	Income drawdown products					
	Endowments					
	Other decumulation, life and pensions					
	Investment bonds					
Investments	PEPs/ISAs (exc. cash ISAs)					
	Unit trusts/OEICs					
	Investment trusts					
	Structured products					
	Other investment products/funds					
	Investment management/services (inc. platforms)					

Complaints closed during reporting period

Section 5

Product/service grouping	Number of complaints closed within 8 weeks	Number of complaints closed after more than 8 weeks	Number of complaints upheld by the credit union in the period	Total amount of redress paid to consumers in the period
Banking and credit cards				
Home finance				
General insurance and pure protection				
Decumulation, life and pensions				
Investments				

Credit-related complaints

Section 5A

Activities	Total complaints outstanding at reporting period start date	Complaints Received	Complaints Closed	Complaints Upheld by firm	Total Redress paid £
Other lending					
All other credit-related activity					

Declaration and signature

Section 6

Knowingly or recklessly giving the FCA information which is false or misleading in a material particular may be a criminal offence (section 398 of the Financial Services and Markets Act 2000) and a breach of regulatory requirements.

In signing this form, the credit union acknowledges that the data supplied may be used by the FCA in a variety of different ways (including making it publicly available) in support of its principal functions and statutory objectives as provided for under the Financial Services and Markets Act 2000.

I confirm that I have read the notes and that the information given in this return about complaints received by the credit union named at Section 1.02 is accurate and complete to the best of my knowledge and belief.

6.01	Name of person completing on behalf of the credit union	
------	---	--

6.02 Job title

6.03	Signature	
6.04	Date	

Notes on completion of this return

Completing this return

The return must be completed in black ink and (if in manuscript) in BLOCK LETTERS.

All dates must be provided in numeric form (for example: 29/02/2006 for 29 February 2006).

The credit union is responsible for the accuracy of the data and completion of the return.

Section 2 – Nil Returns

If no complaints have been received during the reporting period, and no complaints were outstanding at the beginning of the period, the credit union may submit a NIL RETURN by ticking the relevant box on the front of the form.

Sections 1 and 6 must still be completed.

Section 4 – Complaints opened during reporting period

Enter the number of complaints for each product according to the category of complaint. Leave blanks where no complaints have been received.

All credit unions provide the product “Savings (inc Cash ISA) and other banking” (members’ shares) and may receive complaints for this product. The corresponding row in the form has been left shaded to help credit unions with completion; all other rows are clear. Some categories of complaint (shown in the column headings) may not apply to those products.

Some credit unions may also provide other products (for which they may require further permission). If so they should enter the number of complaints received for these products in the relevant boxes, even though they are clear.

Section 5 – Complaints closed during reporting period

Credit unions will usually receive complaints relating to the ‘Banking and credit cards’ product/service grouping only and this row is shaded to help with completion. As above – some credit unions may also provide other products; if so they should also fill in the appropriate row even though it is not shaded.

Section 5A – Credit-related complaints

All credit unions carry on “Other lending” (i.e. lending other than credit cards, overdrafts or loans secured on land) and may receive complaints about those activities. The corresponding row in the form has been left shaded to help credit unions with completion (a complaint should only be reported in section 5A if it is not covered by a specific category in sections 4 and 5). Complaints should be included irrespective of whether the lending is regulated under the Consumer Credit Act 1974 and CONC, or is exempt.

Some credit unions may also carry on other credit-related activities (such as debt counselling or debt adjusting), for which they may require further permission. If so, they should enter the number of complaints received in relation to these activities in the box for “All other credit-related activity”.

Section 6 – Declaration & signature

The declaration must be signed by an appropriate individual for the credit union submitting this return.

If you have any questions or need help with this return, please approach your usual supervisory contact at the FCA.

REPORTS SENT BY POST MUST BE ADDRESSED TO:

THE FINANCIAL CONDUCT AUTHORITY
P O BOX 35747
LONDON E14 5WP
UNITED KINGDOM

Hand delivered returns should be marked for the attention of Central Reporting Department and be delivered to 25 The North Colonnade, Canary Wharf, London E14 5HS.