

**Rules**

**of**

**Capital Credit Union**

**Limited**

**Firm Reference No 213575**

**Registration No 35(S)**

**Registered as a credit union pursuant to section 1 of the Credit Unions Act 1979 and section 2 of the Industrial and Provident Societies Act 1965 as applied by section 2(2) of and amended by section 6(1) of the Credit Unions Act 1979.**

**Authorised to accept deposits under Part IV of the Financial Services and Markets Act 2000.**

**All Previous Rules Rescinded**

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 **Rules of**

**CAPITAL CREDIT UNION LIMITED**

**Registered under the**

**the Industrial and Provident Societies Act 1965 &**

**Credit Unions Act 1979**

1. **Name**

The name of the Credit Union shall be Capital Credit Union Limited – hereinafter referred to as ‘the Credit Union’.

1. **Registered Office**

The registered office of the Credit Union shall be at:

31 Dunedin Street

Edinburgh, EH7 4JG

1. **Objects**

The objects of the Credit Union shall be:

1. The promotion of thrift among its Members by the accumulation of their savings;
2. The creation of sources of credit for the benefit of its Members at a fair and reasonable rate of interest;
3. The use and control of Members savings for their mutual benefit; and
4. The training and education of Members in the wise use of money and in the management of their financial affairs.
5. To carry on one or more of the financial activities specified in section 1ZA(1) of the Credit Unions Act 1979 for the benefit of the members of the society.
6. **Permissions**

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.

1. **Powers**

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

1. **Social Goals**

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

1. To contribute towards the alleviation of poverty within the community; and
2. 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.

1. **Common Bond Qualifications for Membership**

The qualification for admission to membership of the Credit Union shall be residing in or being employed in the locality of East and Central Scotland and, Lothian's and Scottish Borders as defined below. A member joining under these conditions is designated a ‘directly qualifying member.’

The locality of East and Central Scotland, Lothian's and Borders (i.e. ‘designated region’), and which is outlined in the attached map, comprises the following local authorities as defined in Schedule 1 of The Local Government etc. (Scotland) Act1 994 (c39) or their successor organisation(s) by statute:

* City of Edinburgh
* Borders
* West Lothian
* East Lothian
* Midlothian
* Fife
* Falkirk
* Clackmannan
* Angus
* Dundee
* Aberdeenshire
* Aberdeen City
* Moray
* Stirling
* Perth and Kinross

A person who is a member of the same household as, and is a relative of, an individual who is a member of the Credit Union and falls directly with the common bond specified above shall be classed as a family member. A family member will continue to be a directly qualifying member if they reside with the member of the Credit Union but will become a “non-qualifying member” when they cease to reside in the same household as the member.

A member who ceases to be employed within the designated region and whose residence is out with the designated region shall cease to be a directly qualifying member of the Credit Union and will become a ‘non-qualifying member’ instead. A family member will continue to be a directly qualifying member if they reside with the member of the credit union and will become a “non-qualifying member” when they cease to reside in the same household as the member.

The Credit Union will further accept into membership any named corporate body that meets the common bond qualifications.

**MEMBERSHIP**

1. **Membership**

Admission to membership is restricted to persons who fall within a common bond appropriate to a Credit Union as follows:

1. An individual who resides or is employed in East and Central Scotland, Lothians and Scottish Borders as delineated on the attached map.
2. A corporate body, an individual in their capacity as a partner in a partnership, an individual in his/her capacity as an officer or a member of the governing body of an unincorporated association, if the body corporate, partnership or unincorporated association has:
	1. A place of business in the above locality.

 The maximum level of corporate members that may be admitted into membership is 10%.

1. Being a member of a bona fide organisation or otherwise associated with other members of the society of the purpose other than that of forming a society to be registered as a Credit Union.

Bona Fide Organisations

* 1. Celtic FC
	2. Rangers FC
	3. Aberdeen FC
	4. Heart of Midlothian FC
	5. St. Mirren FC
	6. Hibernian FC
	7. Livingston FC
	8. Motherwell FC
	9. St.Johnstone FC
	10. Dundee United FC
	11. Kilmarnock FC
	12. Ross County FC
	13. Dundee FC
	14. Queen’s Park FC
	15. Inverness Caledonian Thistle FC
	16. Partick Thistle FC
	17. Ayr United FC
	18. Greenock Morton FC
	19. Raith Rovers FC
	20. Arbroath FC
	21. Hamilton Academical FC
	22. Cove Rangers FC
	23. Dunfermline Athletic FC
	24. Falkirk FC
	25. Airdrieonians FC
	26. Alloa Athletic FC
	27. FC Edinburgh
	28. Queen of the South FC
	29. Montrose FC
	30. Kelty Hearts FC
	31. Clyde FC
	32. Peterhead FC
	33. Stirling Albion FC
	34. Annan Athletic
	35. Glasgow Warriors
	36. Edinburgh Rugby
	37. Scottish Golf
	38. Community Trade Union

When submitting rule amendments for registration (including the registration of this rule) the Board of Directors may at their sole discretion accept any alterations required or suggested by the Regulator or Registrar without reference back to a further special general meeting of the Credit Union.

1. **Limitations on Membership**

The Board of Directors shall always ensure that the numbers 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.

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

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.

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

1. **Joint Accounts**

The Credit Union may offer a joint account facility to Members who 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.

In the event of the death of one of the holders of a joint account, the joint account shall, subject to any contrary written agreement, become the property of the survivor.

1. **Non-Qualifying Members**

A Member who ceases to fall within the common bond and as a result would not qualify for admission to membership shall become, and shall be referred to in these Rules as, a Non-Qualifying Member. A Non-Qualifying Member may retain their membership and voting rights in the Credit Union, and continue to acquire shares and to receive loans subject to the provisions of these Rules.

1. **Junior Saver Conversion to a Full Member**

A junior saver shall convert to full membership upon reaching the age of 16.

Members that have not reached the age of 18 years shall not be entitled to sit on the Board of Directors or execute documents (e.g. take out a loan) but shall enjoy all the other rights of being a Member.

1. **Applications for Membership**

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 membership fee as required and 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 the Board from time to time.

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

1. They fulfill the criteria for membership;
2. 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;
3. They have paid an annual membership subscription of an amount specified by the Board of Directors from time to time and agreed by the Members at the Annual General Meeting. The amount shall not exceed £5.
4. They hold and have paid for a £1 ‘non-refundable share’ in the Credit Union.

The non-refundable share shall be held in a specially designated reserve until such times as the membership of that Member ceases to exist, for whatever reason, at which time the non-refundable share will be transferred out of the reserve and applied to the social goal(s) as specified at Rule 6 above. The Board of Directors may amend the number of £1 non-refundable shares that a member requires to hold.

1. **Register of Members**

The Credit Union shall keep, at its registered office, a register of Members containing the following details:

1. The names and addresses (registered office address if a Corporate Member) of its Members;
2. A statement of the number and type of shares held by each Member, of the amount paid on the shares of each Member and the date and manner in which any share ceased to be held by any Member;
3. A statement of other property in the Credit Union, whether in loans or otherwise, held by each Member;
4. The date on which the details of each Member was entered in the register as a Member, and the date at which any person ceased to be a Member; and
5. The names and Addresses of the current Board of Directors of the Credit Union with the offices held by them respectively and the dates on which they assumed, and vacated, said office.

The register shall be so constructed that it is possible to inspect the particulars therein mentioned in paragraphs (a), (d) and (e) of Rule 14 without exposing to inspection the other particulars entered therein. This is a democratic requirement to enable members to petition other members for a special general meeting.

1. **Cessation of Membership**

A Member shall cease to be such if:

1. They cease to meet the criteria for membership; or
2. Dies, or if a corporate body, is wound up or goes into liquidation; or
3. They are the representative of an unincorporated organisation or partnership which is wound up or goes into liquidation;
4. They are the representative of an unincorporated organisation or partnership which removes or replaces them as its representative; or
5. If, by virtue of a Member becoming a Non-Qualifying Member of the Credit Union, the number of Non-Qualifying Members exceeds the maximum permitted; or
6. They voluntarily withdraw from the Credit Union in accordance with these Rules; or
7. They are expelled by the Credit Union in accordance with these Rules.
8. **Withdrawing from Membership**

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, but not their non-refundable share(s), 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.

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 Document.

1. **Expulsion from Membership**

Subject to the receipt of a 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 meeting of the Board of Directors.

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:

1. Willful breach of, or refusal to comply with, the Rules;
2. Divulging confidential information obtained by virtue of being a Member, in whatever capacity, of the Credit Union;
3. Deceiving the Credit Union with regard to the purpose of money borrowed or its subsequent use;
4. Default and continued refusal to honour a debt (the loan repayment terms of which had been agreed in a signed loan agreement);
5. Maliciously and knowingly spreading incorrect reports about the management of the Credit Union;
6. Willfully making any entry, or error in, or omission from any account, record or return of the Credit Union with the intent to falsify it;
7. Actively working against the interests of the Credit Union and/or its membership;
8. Allowing their account to become dormant and failing to remedy the situation in accordance with Rule 22;
9. Using the Credit Union as a vehicle for committing an offence under the Money Laundering Regulations 2007 or any subsequent legislation;
10. Committing an offence of dishonesty against the Credit Union, willfully destroying or damaging records or other property of the Credit Union, or knowingly passing forged papers through the Credit Union;
11. If, after admission as a Member of the Credit Union, their application form is found to include willfully 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;
12. Abusive behaviour towards the staff or volunteers of the Credit Union.
13. **Notice of Expulsion**

A notice of expulsion of a Member shall be sent by recorded delivery to the last known address of the Member (the registered office if a Corporate Member), and shall contain a reference to the Expulsion Appeals Procedure. The notice of expulsion of the Member shall not become effective until 30 days after the date of posting the notice of expulsion or until the result of any appeal, if any, whichever is the later.

1. **Appeal against Expulsion**

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 the 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.

1. **Liability of Withdrawn and Expelled Members**

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.

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, or shall subsequently be, fully discharged.

1. **Availability of Rules**

A copy of these Rules and any amendments made to them shall be available on the Credit Union’s website. For those Members without access to the internet, a hardcopy shall be made available free of charge, on request upon admission to membership.

A hardcopy shall be provided to any person on demand and upon payment of an amount no more than the specified amount chargeable in law for the time being in force.

1. **Dormant Accounts**

If a period of 12 months passes without any Member initiated transactions on the account (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.

The Board of Directors shall have the discretion to charge an annual membership fee of £5 on each dormant account, or such sum as may be agreed by the Membership at an annual general meeting or special general meeting called for this purpose.

In relation to a Member whose account is dormant, the Credit Union must alert the Member to the dormancy, in writing, by following this procedure:

1. Any communication in writing shall contain:
2. Information on reactivating or closing their account and withdrawing from membership;
3. Information about the right of the Credit Union to charge an annual membership fee;
4. Reference to Rule 17(h) which enables the Credit Union to remove dormant accounts into a suspense account and subsequently expel the Member from membership.

If the Member does not reactivate or close their account(s) within six weeks of receipt of the communication from the Credit Union, the Board of Directors shall have the discretion to:

1. 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;
2. Charge the annual membership fee;
3. Expel the Member from membership of the Credit Union in accordance with Rule 17.

**SHARES**

1. **Shares**

 The Credit Union may offer Deferred and Non Deferred Shares. The nominal value of each non-deferred share shall be £1.

A Member must purchase and hold at least one ‘Non-refundable Share' of £1 in the Credit Union. All such Non-refundable shares will be held in a specially designated Reserve Account and whenever a Member ceases to be a Member, for whatever reason, their Non-refundable share will be withdrawn from the Reserve and used for the Social Goals as per Rule 6.

The Board of Directors has the discretion under Rule 25 to require an individual to hold a minimum shareholding of a sum not exceeding £5 as a condition of remaining in active membership of the Credit Union.

Shares shall be withdrawable subject to the provisions of Rule 27.

Shares shall not be transferable and the Credit Union shall not issue to a Member a share certificate denoting ownership of a share.

When a Member purchases a share(s), the Credit Union will advise the Member whether interest or dividend will be paid on said share(s) as per the Rules. If a Member is informed that they hold Interest Bearing Shares, they will also be informed that, if the Credit Union ceases to meet the criteria to pay interest on shares as per Rule 37 (and any requirements set by law or the Regulator), their shares will be converted to Dividend Bearing Shares.

If a Member’s shares are converted to Dividend Bearing Shares the Member will be informed using an agreed policy and procedure agreed by the Board of Directors.

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

##  Minimum Shareholding

1. The minimum shareholding (excluding Deferred Shares) required to remain in active membership of the Credit Union shall be a sum not exceeding £5 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:
	* 1. Providing notice in writing to their last known Address
		2. 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.
		3. If the Member has not taken action under (2) 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

1. No Member shall have, or claim an interest in, Non-Deferred Shares of the Credit Union, exceeding 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.
2. Corporate Members in total shall not have, nor claim an interest in, fully paid up Non-Deferred Shares of the Credit Union exceeding 25 per cent (or such other amount as may be prescribed by law) of the total fully paid up Non-Deferred Shares of the Credit Union. If this percentage is exceeded the Board of Directors shall repay Non-Deferred Shares held by Corporate Members using an agreed policy until a point where the percentage is no longer exceeded.
3. The maximum Non-Deferred Shareholding limit of a joint account shall be double the limit on an account held by a Member that is an individual. The amounts held separately in an individual and joint account shall be amalgamated.
4. For the purpose of this rule 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.
5. **Deferred Shares**

Members of the Credit Union may also be eligible to purchase Deferred Shares 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 showing ownership of a Deferred Share(s).

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

Deferred shares are repayable but non-withdrawable. Deferred shares are transferable, but shall only be transferred to another Member of the Credit Union.

Deferred shares do not hold the right to any additional votes in the Credit Union and shall not count towards the required minimum shareholding specified in Rule 25.

Only references to ‘share’ or ‘shares’ with the suffix ‘Deferred’ will refer to Deferred Shares. Where the suffix is not found, then the reference shall be deemed not to apply to Deferred Shares.

1. **Withdrawing Shares**

Subject to these Rules, money paid in on shares, or instalments for the acquisition of shares, may be withdrawn on any day when payment for shares may be made. However, if required, the Credit Union may request up to sixty days’ notice from a Member to withdraw shares.

If a Member is in default as a borrower, or a withdrawal of shares would reduce a Member’s paid up shareholding in the Credit Union to less than their total liability (including contingent liability) to the Credit Union, whether as a borrower, guarantor or otherwise, the Board of Directors shall have the discretion to consider a 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.

1. **Financial Services Compensation Scheme**

Members’ shares and junior savers’ deposits are protected by the Financial Services Compensation Scheme (or any successor 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 (or any successor scheme).

1. **Junior Savers**

No Junior Saver shall have, or claim an interest in, shares of the Credit Union exceeding the maximum determined by the Board of Directors. Accordingly, the maximum shareholding is set at the amount of compensation payable at the time by the Financial Services Compensation Scheme on deposits per person per firm.

**LOANS**

1. **Loans to Members**

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.

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:

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

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.

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).

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

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.

1. **Guarantors**

Any Member of the Credit Union, including a Board Member, Officer and employee of the Credit Union, can use their shareholdings (excluding Deferred Shareholdings) to guarantee another Member’ s loan.

1. **Loans to Officers and Employees of the Credit Union**

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 the paragraph below. 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.

A Credit Union must not make a loan to one of its Board Members, Officers, Approved Persons or employees on terms more favourable than those available to other Members of the Credit Union unless agreed by the Board under a specific employment contract..

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.

1. **Recovering Loans from Members**

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.

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

**APPLICATION OF SURPLUS**

1. **Calculation of Profit**

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.

1. **Building Institutional Capital**

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 Regulator.

1. **Distribution of Surplus**

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

1. A voluntary transfer to develop further the institutional capital base of the Credit Union;
2. Subject to Rule 37, the payment to Members of dividends on the amount of their paid up Dividend Bearing Shares;
3. Providing the Credit Union has the necessary systems and controls in place and holds reserves of at least the minimum required by law, the payment to Members of interest on the amount of their paid up Interest Bearing Shares;
4. Subject to Rule 36, 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
5. After (a) to (d) have been paid out, as a payment for social, cultural or charitable purposes.
6. **Dividend on Shares**

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

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.

The Board of Directors may, based on affordability, declare, interim dividends and establish differentiated dividend rates on Term Share accounts, subject to any regulatory restriction on the Credit Union. No dividend declared and authority for payment by the Members at the Annual General Meeting shall exceed the rate recommended by the Board of Directors.

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 day of membership. Dividends shall be paid to those in membership of the Credit Union on the date that the interest is declared.

1. **Rebate of Interest on Loans**

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 at the Annual 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.

1. **Payment of Dividends and Interest Rebates**

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 23.

Where a Member’s total shareholdings consequently exceed the limit then the Member will be notified in writing asking them to bring their total share balance to within the limit applicable at the time within one month of the date of the letter. In the event that no arrangements have been made, the Board will authorise the payment of the excess by cheque to the last known address of the Member.

**MEMBERS’ MEETINGS**

1. **Attendance at Members’ Meetings**

Meetings of the Credit Union shall be either an Annual General Meeting or a Special General Meeting. Every Member holding at least the minimum shareholding 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.

1. **Annual General Meeting**

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.

The business of the Annual General Meeting shall comprise:

1. The receipt of the accounts and balance sheet and of the reports of the Board of Directors and the auditor (if any);
2. The appointment of an auditor (subject to Rule 71);
3. The election of the Board of Directors or the results of the election if held previously by ballot;
4. The application of surplus;
5. The transaction of any other business included in the notice convening the meeting.
6. **Notification of Members’ Meetings**

At least 14 and not more than 30 days before the date of a general meeting, the Secretary shall cause notice to be made available 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 of business at 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 external auditor.

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.

1. **Special General Meetings Called by the Credit Union**

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

1. **Special General Meeting at Members’ Request**

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.

If, within one month from the date of the receipt of the application, the Board of Directors have 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 incurred in convening such a meeting.

In order to ensure the continuation of the Credit Union, a Special General Meeting which results in a vote of no confidence in the Board of Directors, and 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 Regulator is required to resign their position immediately and shall not be permitted to take an active role in the management of the Credit Union.

1. **Business at a Special General Meeting**

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.

1. **Voting**

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.

A Member of the Credit Union may not vote by proxy at a general meeting of the Credit Union.

Elections for the Board of Directors of the Credit Union shall be conducted by secret ballot at the Annual General Meeting. Except where otherwise specified in these Rules or law, all questions shall be resolved by a simple majority of votes cast.

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.

1. **Chairperson**

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 they shall have a casting vote. The Chairperson of the Credit Union shall, if present, take the chair at general meetings. If the chairperson is not present, the Vice-Chairperson shall do so and if they are not present then the members of the Board present shall elect one from their number to do so.

1. **Quorum**

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.

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

1. **Adjournment**

The Chairperson may adjourn any Members’ meeting for any good and sufficient reason.

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 DIRECTORS**

1. **Nomination for Election**

All nominees for election as a Director of the Credit Union must be Members of the Credit Union and must be at least 18 years of age. Nominations for the Board of Directors 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.

Completed nomination forms, together with a brief biographical note on the person being nominated, must be in the hands of the Chairperson or CEO of the Credit Union at least 14 days before the date of the Annual General Meeting where the election shall take place.

Details of nominations received to fill vacancies will be issued as part of the papers at the Annual General Meeting.

A nominated Member seeking election for the first time, together with their proposer and seconder must attend in person the Annual General Meeting at which their nomination is being considered.

Where the number of nominations received is greater than the number of vacancies to be filled, a formal election will take place at the Annual General Meeting. Ballot papers and instructions will be issued at the meeting.

Nominations shall not be accepted from the floor of the Annual General Meeting.

The result of the election(s) will be announced at the Annual General Meeting.

The Senior Managers Regime (SMR) and Certification Regime came into force on 7 March 2016.  Capital Credit Union will be subject to this regime and there are positions on the Board of Directors (and Senior Management Team) that will fall under the Senior Managers Regime. These positions will be outlined in the Credit Union Responsibilities Map and Directors subject to the Regime, whether Approved or Certified, will be expected to meet the requirements of the Regime and the Credit Union’s Internal requirements for competency.

1. **Nominations Committee**

The Board of Directors may appoint a Nominations Committee of not less than 3 Members of the Credit Union, one of whom shall be the Chief Executive, and one should be from the Board of Directors. The Nominations Committee shall ascertain the number of vacant Director 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 Nominations Committee shall ascertain that the nominee is ‘fit and proper’ and meets the minimum requirements to hold office under the Senior Managers & Certification Regime. The Nominations Committee shall adhere to any policy established by the Board of Directors in relation to elections of Directors.

The Nominations 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 Nominations Committee to manage applications for Approved Person status under SM&CR.

1. **Election of Directors**

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

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.

1. **Prohibition of Certain Persons as Directors**

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 Regulator or Certified by the Board of Directors or who is an undischarged bankrupt, or who is disqualified under the Directors Disqualification Act 1986, or has been convicted on indictment of any offence involving fraud or dishonesty, shall not:

1. Act as a Director of the Credit Union;
2. Directly or indirectly take part in or be concerned in the management of the Credit Union;
3. 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, they shall immediately cease to hold office.

1. **Terms of Office**

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

1. **Board of Directors**

At no time shall an employee of the Credit Union sit on the Board of Directors.

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, including any limits on the representation of Corporate Members. Elected Directors shall be elected at the Annual General Meeting in accordance with these Rules. The Board of Directors has the power to propose a recommendation regarding the 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.

1. **Election of Chairperson Etc.**

As soon as possible following the Annual General Meeting, the Board of Directors shall elect from among its number a Chairperson, a Vice-Chairperson, a Treasurer and a Secretary of the Credit Union. A person so elected shall hold office until the election of their successor. Candidates for positions that are Approved or Certified under the Senior Managers Regime must meet the requirements of the Regime and any internal policies set by the Board of Directors to meet competency requirements.

1. **Casual Vacancies**

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 until the following Annual General Meeting at which time he/she may stand for election. A co-opted Director shall adhere to any requirements established by the Regulator in respect of the Senior Managers and Certification Regime , prior to taking up an active role in the management of the Credit Union.

The details of the filling of a casual vacancy, including a brief biographical note on the person appointed, shall be reported to the Members at the following Annual General Meeting.

1. **Timing and Notification of Board Meetings**

Regular meetings of the Board of Directors shall be held not less than once every month. 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.

The Chairperson, or in their absence the Vice-Chairperson, may call a special meeting of the Board of Directors at any time, and shall do so on receipt of a request in writing signed by at least 3 Directors. The Chairperson, or in their absence the Vice-Chairperson, shall determine the date, time and place of such a meeting, unless the Board of Directors prescribe otherwise by resolution.

1. **Quorum**

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 at any time (inclusive of any vacancies) 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 2 or 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 3 Directors or such greater number as the Board may determine by resolution.

1. **Voting at Board Meetings**

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.

1. **Attendance at Board Meetings**

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.

1. **Chairing Board Meetings**

Subject to any specific provision contained in these Rules, the Chairperson or, in their absence the Vice-Chairperson, 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.

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

Questions arising at the meeting of Directors shall be decided by a majority vote. Each Director shall have one vote on any matter provided that the Chairperson of the Meeting shall have a second casting vote in the case of equality of votes.

1. **Failure to Attend Meetings**

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 55.

1. **Delegation of Powers**

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.

1. **Validity of Actions**

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.

1. **Responsibilities of Directors**

Subject to the law and these Rules, the Board of Directors shall manage the general business and control of the affairs of the Credit Union and shall be responsible for performing all of the duties ordinarily performed by the Board of Directors. The responsibilities of the Board shall be laid out in a policy agreed from time to time by the Board of Directors which shall be provided to all newly elected members of the Board, prospective members of the Board and any member on request.

Any changes made to the document throughout the year shall be reported to the members at the next Annual General Meeting.

1. **Vacation of Office**

Officers serving the Credit Union shall immediately cease to hold office or committee position if:

1. They cease to be a Member of the Credit Union or are the representative of a Corporate Member and that Member ceases to be such;
2. They are approved or certified under the Senior Managers and Certification Regime and approval is withdrawn by the Regulator, or they fall out with the competency requirements;
3. They are adjudged bankrupt or make an arrangement with their creditors;
4. They are prohibited from acting as an Officer of the Credit Union as per Rule 51;
5. 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;
6. 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;
7. They resign their office in writing to the secretary or to the Chairperson;
8. They are deemed to have vacated their office in accordance with Rule 61;
9. They are removed by a resolution of a majority of the Members of the Credit Union present at a Special General Meeting called for that purpose by the Board of Directors or by the Members provided that such a Director shall be given at least 14 days’ notice of the meeting and of the intention to remove him or her from office;
10. They become an employee of the Credit Union;
11. 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;
12. 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.
13. They are removed as a result of the decision of the Volunteer Appeal Group as established under Rule 67.
14. **Payment of Expenses and Honoraria**

The Board of Directors shall have the power to remunerate any, or all, of its Directors a sum which is commensurate with the responsibilities of office held. Such a policy will require to be approved annually by the membership.

1. **Suspension of a Director**

A Director who, in the opinion of the Board of Directors, 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 and is suspended from office by the Board of Directors may appeal the decision to the Volunteer Appeal Group, as established under Rule 64. After obtaining such information and explanations from whomsoever it deems necessary to enable it to reach a conclusion the Volunteer Appeal Group will notify the Board of Directors of the Group’s decision which will be final and binding on all parties.

**DIRECTORS AND EMPLOYEES**

1. **Conflict of Interest**

No Director 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 a vacancy.

Any Director 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.

1. **Confidentiality**

A Director 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 Statement of Principles of Approved Persons. On appointment, all Directors and employees of the Credit Union shall sign a confidentiality agreement to ensure the confidentiality of all business conducted by the Credit Union.

The Credit Union shall comply with the Data Protection Act 2018 or any subsequent legislation concerning the protection of data.

1. **Indemnity**

Any Director of the Credit Union shall be indemnified by the Credit Union against all costs, losses and expenses which such Director 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**

1. **Appointment of Auditor**

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 or any successor Act. The appointment of an auditor shall be ratified by a majority vote of the members at an Annual General Meeting.

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

1. A Director or employee of the Credit Union;
2. A person who is the partner of, or in the employment of, or who employs a Director or employee of the Credit Union.
3. **Availability of Accounts**

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, without charge, a copy of the last audited accounts of the Credit Union to every Member of the Credit Union on request.

1. **Filing of Accounts with the Regulator**

The Credit Union shall, within the time period allowed by law and Regulations, send to the Regulator such returns as may be required, relating to its affairs during the year of account covered by the return. The annual return shall include a copy of the report of the auditor on the Credit Union’s accounts for the year and a copy of the balance sheet made during that year and of any report of the auditor on that balance sheet.

1. **Auditor’s Entitlement to Attend Meetings**

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**

1. **Inspection of Accounts**

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 as may be made from time to time in general meeting.

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, or other persons duly authorised on their behalf.

1. **Record of Account**

A printed statement of account shall be issued to each Member, at least annually, or upon their request except where the Members have opted out of receiving paper copies of in favour of on-line access to their accounts.

1. **Conducting Transactions**

Any person may pay money into a Member’s account on account of shares or a reduction of loan or interest. 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.

1. **Nominations**

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).

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 deemed valid under the law, either transfer or pay in accordance with the law the full value of the property comprised in the nomination to the person entitled. The nominee shall sign a written statement indemnifying the Credit Union against a subsequent greater claim arising.

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 or trustee has become entitled.

1. **Incapacity**

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.

**AMENDMENTS TO RULES**

1. **Amendments to Rules**

 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.

 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.

 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**

1. **Internal Complaints Procedure**

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 Regulator).

If a complainant remains dissatisfied at the completion of the Credit Union’s internal complaints procedure, the complainant shall have six months (or such other time period as may be prescribed by the Regulator) from the date of receipt of the Credit Union’s final response to refer their complaint to the Financial Ombudsman Service (or any successor body).

Complainants who remain dissatisfied following a formal decision by the Ombudsman may jointly agree with the Credit Union to refer their complaint or dispute to the Sheriff Court, who shall in accordance with Section 83 of the Friendly Societies Act 1992, hear and determine such dispute. The Sheriff Court shall have the power to order the expenses of determining the dispute to be paid either out of the funds of the Credit Union or by such party to the dispute as 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.

1. **Dissolution**

The Credit Union may be dissolved:

1. 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;
2. In accordance with Section 50(2) and 55(1)(b) of the Industrial and Provident Societies Act 1965, by an instrument of dissolution:
3. To which not less than three fourths of the Members of the Credit Union have given their consent testified by their signatures to the instrument or;
4. Which has been approved by a special resolution of the Credit Union sent to and confirmed by the Registrar.
5. **Distribution of Funds on Dissolution**

 If on the dissolution of the Credit Union there remains after the payment of debts, repayment of share capital, discharge of all other liabilities and repayment of Deferred Shareholdings any surplus assets whatsoever, such assets shall not be paid or distributed among the Members of the Credit Union but shall be:

1. Transferred to another Credit Union;
2. If not so transferred, applied for charitable purposes as may be determined by the Members of the Credit Union in general meeting.

84 SEAL

 The Credit Union Seal 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.

**85 Interpretations**

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

* **Address** means a postal address 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 Regulator to perform a regulated function within the Credit Union
* **Board** and **Board of Directors** means the committee of management of the Credit Union
* **Credit Union** means a society registered under the Industrial and Provident Societies Act 1965 by virtue of Section 1 of the Credit Unions Act 1979
* **Corporate Member** unless the context requires otherwise has the meaning attached to it in section 15(6) of The Legislative Reform (Industrial and Provident Societies and Credit Unions) Order 2011
* **Deferred Shares** has the meaning assigned to as per Rule 24
* **Deposit(s)** shall have the meaning ascribed to it by the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 – SI2001/544 (or any successor Act)
* **Different Term Shares** shall be shares that may receive a dividend out of interim profits more than once a year
* **Director** means a member of the Board of Directors of the Credit Union
* **Dividend Bearing Shares** means a share issued on terms which entitle the shareholder to dividend but no interest
* **FSMA** means the Financial Services and Markets Act 2000 or any successor legislation
* **Interest Bearing 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
* **Member** has the meaning attached to it under Rule 8 of these Rules and unless the context requires otherwise, includes individuals and corporate bodies
* **Non-Qualifying Member** shall means those Members outlined in Rule 11 of these Rules
* **Ombudsman** means the Financial Ombudsman Service or any successor body
* **Relative** has the same meaning as in section 31 of the Credit Unions Act 1979
* **Registrar** means the Financial Services Authority or any successor body
* **Regulator** means the Prudential Regulation Authority, the Financial Conduct Authority or any successor body
* **Regulations** means regulations and rules made by the Regulator(s) or the Treasury within a statutory instrument
* **Rules** means the Credit Union’s registered Rules
* **Treasury** means HM Treasury or any successor body
* **Writing** means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.

Words importing the singular or plural include the plural or singular respectively.

Signed:………………………………………….. Date: ……………………………………..

…………………………………………………………… Secretary

…………………………………………………………… Member

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