



CREDIT UNION

Cayman Islands Civil Service Association
Co-operative Credit Union Limited

Proposed Rules

TABLE OF CONTENTS

	PAGE
INTERPRETATIONS	4
NAME, PURPOSE, OBJECTS AND QUALIFICATIONS FOR MEMBERSHIP	5
INSTITUTIONAL CAPITAL	6
SHARES AND LIABILITY, PERMANENT SHARES, VOLUNTARY SHARES AND DEPOSITS	7
INACTIVE ACCOUNTS, DORMANT ACCOUNTS AND RECEIPTS AND DISBURSEMENTS	8
LOANS	9
BOARD OF DIRECTORS	10
EXECUTIVE OFFICERS AND THEIR DUTIES	12
CREDIT COMMITTEE	14
SUPERVISORY COMMITTEE	16
MEETINGS OF MEMBERS	19
QUORUM, MINUTES AND FITNESS, PROBITY	20
NOMINATING COMMITTEE AND ELECTIONS	21
RESERVES AND DIVIDENDS	22
OTHER APPROPRIATIONS, BANKING ACCOUNT, INVESTMENTS, POWER TO BORROW AND FINANCIAL YEAR, FINANCIAL STANDARD, AUDIT AND DISCLOSURE	23
SEAL, POWERS OF NOMINATION, UNSOUND OR LUNATIC MEMBERS AND DISPUTES	24
AMENDMENT OF THESE RULES, SPECIAL BYE-LAWS AND VOLUNTARY DISSOLUTION	25

MISSION STATEMENT

To offer excellent service to our members enabling them to achieve their financial goals while positively impacting the wider community.

THE PRAYER OF SAINT FRANCIS OF ASSISI

LORD, make me an instrument of Your peace,
Where there is hatred, let me sow love;
Where there is injury, pardon;
Where there is doubt, faith;
Where there is despair, hope;
Where there is darkness, light; and
Where there is sadness, joy.

O Divine Master, grant that I
May not so much ask
To be consoled, As to console;
To be understood as to understand;
To be loved as to love.

For it is in giving that we receive;
It is in pardoning that we are pardoned;
And it is in dying That we are born to eternal life.

Bless, O Lord our deliberations
And grant that whatever we may say and do
Will have Your blessings and guidance
Through Jesus Christ Our Lord,
Amen.

THE CAYMAN ISLANDS CIVIL SERVICE ASSOCIATION CO-OPERATIVE CREDIT UNION LIMITED

A Credit Union (hereinafter referred to as the “**Credit Union**”) is registered under the Co-operative Societies Act, (2020 Revision) as amended from time to time.

INTERPRETATIONS

In these Rules, unless the context otherwise requires, expressions defined in the Act or the Regulations, shall have the meaning so defined, and words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine gender and words importing persons shall include the bodies corporate.

“**Act**” Co-operative Societies Act, (2020 Revision) means the Act that governs Co-operative Societies and includes the Powers of the Authority (defined below).

“**The Authority**” means the Cayman Islands Monetary Authority which regulates the Credit Union.

“**Board of Directors**” or “**Board**” means the governing body of the Credit Union, to whom the oversight of the management of its affairs is entrusted.

“**Chief Executive Officer**” the executive leader of the management and operations of the Credit Union.

“**Collateral**” means security pledged as a guarantee for the payment of a loan if the member fails to repay.

“**Dividend**” means a share of the profits of a registered society divided among its members in proportion to the share capital held by them.

“**Dormant account**” means an account established in a credit union on which no transaction has been initiated by the member and in which property the member has not indicated an interest in writing or otherwise for a period of twelve consecutive months or more.

“**Entrance fee**” The Entrance Fee is non-refundable and forms part of the Institutional Capital of the Credit Union.

“**In Good Standing**” means a member whose accounts are not in arrears and not dormant and who is compliant with all the policies and procedures of the Credit Union, including the Security Policy, and is therefore eligible to vote, speak at general meetings of members, and earn dividends on shares.

“**Inactive account**” means an account established in a credit union on which no transaction has been initiated by the member and in which property the member has not indicated an interest in writing or otherwise for a period of six consecutive months and more but less than twelve months.

“**Institutional Capital**” shall mean Statutory Reserves, Special Reserves, Entrance Fees and Permanent Shares.

“**Loan Officer**” All loan staff included in the assessment and approval process of loans as set out in the Credit Policy.

“**Minor**” means anyone who is under the age of 18 years.

“**Officer**” includes the chairman, secretary, treasurer, member of the committee or other person empowered under the Act, the regulations and these Rules to give directions in regard to the business of the Credit Union.

“**Permanent Shares**” shall mean shares issued with par value, paid up in cash and invested as risk capital, which form a permanent part of the capital of the Credit Union.

“**Registrar**” means the Registrar of Co-operative Societies under the Act.

“**Returning Officer**” means a member appointed by the Board of Directors to preside over the election of

directors and members at an Annual General Meeting.

“Voluntary Shares” shall mean shares that are issued at no par value, and which do not form part of risk capital and are administered as withdrawable savings.

NAME AND REGISTERED OFFICE

1. The name of the Credit Union shall be The Cayman Islands Civil Service Association Co-operative Credit Union Limited; and
2. The Registered office of the Credit Union shall be 58 Huldah Avenue, George Town, Grand Cayman, or such other place in the Cayman Islands as may be determined from time to time by the Board of Directors and notified to the Registrar.

PURPOSE

3. **A.** The primary purpose for which the Credit Union is established is to:
 - (1) provide all our members with easier access to financial services, helping them to improve their quality of life; and
 - (2) preserve and build capital through efficient pooling of resources.

OBJECTS

4. **A.** The objects the Credit Union shall pursue to realise the above purpose are:
 - (1) To promote thrift among its members by affording them an opportunity to accumulate their savings;
 - (2) To create for members a source of credit for provident or productive purposes at reasonable rates of interest; To afford members the opportunity to invest in ownership by purchasing and accumulating permanent shares as equity in a safe and sound co-operative financial institution;
 - (3) To provide the opportunity for members to use and control their money for their mutual benefit;
 - (4) To draw, make, accept, endorse, discount, execute and issue Promissory Notes, Bills of Lading, Bills of Exchange, Bills of Sale, Warrants and other negotiable or transferable instruments;
 - (5) To pursue business and other activities geared towards the enhancement of the financial, economic and social well-being of its members; and
 - (6) To do other acts and things as are incidental or conducive to or consequential upon the attainment of the above objects.

QUALIFICATIONS FOR MEMBERSHIP

5. **A.** Membership in the Credit Union shall be limited to persons who have attained 18 years of age and are employed by the following:
 - (1) The Credit Union;
 - (2) The Government of the Cayman Islands;
 - (3) Government-owned entities and Statutory Authorities operating in the Cayman Islands;
 - (4) Utility companies and wholly owned subsidiaries of such utility companies operating in the Cayman Islands, subject to the list of companies approved by the Board;
 - (5) Health Care Facilities licensed to operate in the Cayman Islands, subject to the list of facilities approved by the Board;
 - (6) Education Facilities licensed to operate in the Cayman Islands, subject to the list of facilities approved by the Board;
 - (7) Pensioners of the above-mentioned entities;
 - (8) Active members of the Farmers Co-operative and registered Agro-processors operating in the Cayman Islands;
 - (9) All immediate and extended relatives of members, provided that immediate and extended family is limited to one's parents, spouse, domestic or civil partners, children (including stepchildren), siblings, uncles, aunts, nephews, nieces, grandparents, and grandchildren including a relationship by adoption, court appointed guardian, marriage; and
 - (10) All immediate and extended relatives must be living in the Cayman Islands except on a case-by-case basis as approved by the Board.

6. **A.** Applications for membership must be made in writing on a form approved by the Board and must be signed by the applicant. The application shall contain such information as the Board may decide from time to time. An applicant shall not be registered as a member until:
 - (1) Eligibility for membership has been determined under, Rule 5 of these Rules;
 - (2) Application for membership shall have been approved by the Chief Executive Officer or Designate;
 - (3) Payment of an Entrance Fee (a copy of the Rules will be provided upon request) of a minimum \$50 or a higher amount to be determined by the Board of Directors;
 - (4) Subscribing to a minimum of 2 Permanent Shares with a par value of \$50 each;
 - (5) Depositing a minimum of \$25 in voluntary shares; and
 - (6) Meeting all other requirements of the Onboarding Procedures.
7. A member who withdraws all his shareholding ceases to be a member, provided that no member may resign while he is a borrower, an endorser, or a guarantor of any loan due to the Credit Union.
8. **A.** A member may be expelled by the Board of Directors, in accordance with the Expulsion Policy of the Credit Union, but only after an opportunity has been given to the member to be heard and only if the member has been properly notified in writing by the Board of Directors not less than 14 days before such a meeting. On expulsion, a member shall be entitled to repayment of the amount held by him as shown by the Credit Union's books, subject to the right of set-off of any deposits against any debts owed to the Credit Union as provided for in the Act:
 - (1) acts in contravention of these Rules or the Act, or legislation applicable to the Credit Union;
 - (2) acts in any way detrimental to the interests of the Credit Union;
 - (3) makes any material or fraudulent misrepresentation or falsification that adversely affects the Credit Union;
or
 - (4) Acts in a manner that is menacing, violent intimidating or otherwise detrimental to the Credit Union or its staff; and
 - (5) he may be expelled by the Board of Directors, in accordance with the Expulsion Policy of the Credit Union, but only after an opportunity has been given to the member to be heard and only if the member has been properly notified in writing by the Board of Directors not less than 14 days before such a meeting. On expulsion, a member shall be entitled to repayment of the amount held by him as shown by the Credit Union's books, subject to the right of set-off of any deposits against any debts owed to the Credit Union as provided for in the Act.
9. Expelled members shall have no further rights in the Credit Union but are not by such withdrawal or expulsion released from any liability to the Credit Union existing at the date of such withdrawal or expulsion.
10. **A.** A person ceases to be a member:
 - (1) On death; or
 - (2) On ceasing to own at least 2 Permanent Shares at a par value of \$100.00 each; or
 - (3) On his being certified by a medical doctor to be of unsound mind; or
 - (4) On expulsion from the Credit Union, in accordance with Rule 8, and if in the opinion of Board of Directors, a member acts in a manner that is detrimental to or not in compliance with the security requirements and any other policies of the Credit Union;
 - (5) On the voluntary withdrawal or transfer of all his shares; and
 - (6) A member whose name was entered in the Credit Union's register of members prior to the enactment of this Rule, who fails within the first 6 months of enactment of this Rule, to pay and thereafter maintain contributions to the value of 2 qualifying permanent shares.
11. **A.** The Credit Union shall keep, in accordance with Section 21 of the Act, a copy of:
 - (1) the Co-operative Societies Act and Regulations;
 - (2) A copy of its Rules; and
 - (3) a list to be called the "Register of Members".

INSTITUTIONAL CAPITAL

12. **A.** The Capital of the Credit Union shall be unlimited and shall comprise the following:
 - (1) Permanent Shares; and

- (2) Entrance Fees Statutory Reserves and Other Special Reserves.

SHARES AND LIABILITY

13. A. The following rights, restrictions and procedures are attached to Shares:

- (1) The liability of each member, in case of liquidation, is limited to the value of the shares held by him at their nominal value; and
- (2) The shares of the Credit Union may be divided into 2 classes of shares designated as Permanent Shares and Voluntary Shares.

PERMANENT SHARES

14. A. Permanent Shares are equity shares and form part of the risk capital of the Credit Union:

- (1) 2 Permanent Shares at a par value of \$50.00 each shall be required of each member in order to qualify to use the products and services of the Credit Union or in the quantity determined by the Board of Directors from time to time;
- (2) In keeping with section 28 of the Act, no single member shall own more than 20 percent of the total Permanent Shares (Share Capital) of the Credit Union at any time;
- (3) Subject to the profitability of the Credit Union, the Board of Directors shall declare and recommend the payment of dividends on Permanent Shares in such amounts and at such times as it may determine;
- (4) Permanent Shares shall be used as the final resort to offset indebtedness by a member, except that his qualifying shares shall be used to offset indebtedness only in cases of cessation of membership and liquidation of the Credit Union; and
- (5) The Credit Union shall issue a share certificate in the form approved by the Board of Directors.

VOLUNTARY SHARES

15. A. The following rights and restrictions are attached to Voluntary Shares:

- (1) Voluntary Shares have no par value and do not form a part of the risk capital of the Credit Union;
- (2) Money paid into voluntary shares may be withdrawn in whole or in part on any day when the Credit Union is open for business, but the Board of Directors shall reserve the right at any time to require a member to give notice not exceeding 6 months; provided however that no member may withdraw any shareholding below the amount of his total liability to the Credit Union as a borrower or co-maker;
- (3) Voluntary Shares are de facto savings and shall be treated as liabilities of the Credit Union;
- (4) Subject to the profitability of the Credit Union, the Board of Directors may recommend the declaration and payment of dividends on Voluntary Shares in such amounts and at such times as it may determine;
- (5) The maximum amount of voluntary shares which may be held by any one member shall not exceed 3% of the total voluntary Shares; and
- (6) The Credit Union shall have a lien on all voluntary shares, deposits, and savings of a member, except for accounts for which he is a trustee, for any sum due to the Credit Union from the said member, or for any loan endorsed by him, and may apply any sum credited to the member's voluntary and permanent shares, deposits, and savings in or towards payment of any such debt.

16. The Board of Directors may establish conditions under which various savings programmes may be established by this Credit Union.

DEPOSITS

17. A. The Board of Directors may establish rules and conditions under which a member may deposit money in the Credit Union.

B. A member may deposit money in sums of not less than \$25.00.

C. Pursuant to section 32 of the Act and as an additional safeguard to ensure the Credit Union can meet the demand of members for loans while maintaining required liquidity coverage ratios, deposits may be accepted from non-member core employers listed under Rule 5. The Board of Directors shall develop a policy on non-member depositors and monitor its execution by management.

D. Deposits may be withdrawn by cheque or by cash on any day that the Credit Union is open for business, but the Board of Directors may at any time require the depositor to give up to 60 days' notice in writing of his intention to withdraw the whole or any part of his deposits.

- E. Deposits may be received in the name of a minor or in trust for a minor who is a child, of a member, in such way or manner as the Board of Directors may determine.
- F. Deposits received in the name of a minor shall be held for the exclusive right and benefit of the minor and free from the control or lien of all other persons except creditors, and shall be paid together with interest thereon, to the person in whose name the account shall have been issued. The receipt or acquaintance of the minor shall be valid and sufficient release and discharge to the Credit Union for the deposits or any part thereof.
- G. The rate of interest payable on deposits shall be fixed from time to time by the Board of Directors.
- H. Where the Credit Union accepts deposits for a term that is stipulated in an agreement between the depositor, it shall provide a receipt to the depositor showing:
 - (1) the terms and conditions subject to which the funds are deposited by the depositor and accepted by the Credit Union;
 - (2) the date on which the deposit matures;
 - (3) the rate of interest it will pay on the funds deposited;
 - (4) the time when interest is to be paid; and
 - (5) any conditions that the Board of Directors has stipulated for withdrawal of funds by the depositor prior to the date the deposit matures, and in cases where no withdrawal of funds is permitted it shall be so stated on the receipt.
- I. The Credit Union shall provide every depositor, on request, with a statement showing the transactions conducted by him involving the account and the balance of funds in the account.
- J. The maximum amount of deposits which may be held by any one member or non-member shall not exceed twenty percent of the total deposits held by the Credit Union. Any deposit that is deemed to be detrimental to the financial stability of the Credit Union will not be accepted or retained.

INACTIVE AND DORMANT ACCOUNTS

- 18. A. Where accounts have had no member-initiated activity for a period of six (6) months but less than 12 months, they shall be clearly categorised as being inactive.
- B. Where accounts have had no member-initiated activity for a period of twelve (12) months or more, they shall be clearly categorised as being dormant. The Credit Union shall maintain these in a separate account from all other accounts and may impose a maintenance fee on a member's voluntary shares or deposit accounts. Any such maintenance fee may be fixed at a rate that covers administrative costs. The Credit Union must maintain a separate record of all such accounts.
- C. Where there has been no activity for six (6) months, the Credit Union must give notice in writing of this action to the member or known interested parties at the last known address, allowing at least 90 calendar days for a written reply.
- D. The Board of Directors may impose a maintenance fee on member's voluntary shares or deposit accounts if there has been no activity for a period as determined by the Board of Directors.
- E. The Credit Union shall comply with the Dormant Accounts Act (2011 Revision).

RECEIPTS AND DISBURSEMENTS

- 19. A. Money paid in or paid out on account of shares, deposits, loans, interest, entrance or other savings shall be evidenced by an appropriate voucher or receipt.
- B. Each voucher or receipt shall identify the person receiving or paying out on behalf of the Credit Union, the money represented thereby.
- C. When a statement of account plan is used, the member's permanent official record for transactions shall be the statement of account, which will itemize all transactions, and which must be issued to each member on request.

- D. All receipts and disbursements shall otherwise be made in conformity with the methods determined by the Board of Directors from time to time.

LOANS

- 20. A. Loans shall be made only to members in good standing and who are living in the Cayman Islands, or resident overseas who wish to purchase real estate in the Cayman Islands. Loans shall be made for provident or productive purposes only.
- B. All applications for loans shall be on the form provided by the Credit Union and shall set forth the purposes for which the loan is desired, the security pledged, if any, and such other information as the Credit Policy may require.
- C. If the information stated in the application are found to be misrepresented, or where the money disbursed is used for some other purpose than that for which it was borrowed, the loan shall become immediately due and payable.
- D. All applications for loans and the reports thereon by a Loans Officer and the Credit Committee shall be filed as permanent records of the Credit Union.
- E. In considering applications for loans, the Credit Committee and authorised Loans Officer shall ensure compliance with the Credit Policy as approved by the Board of Directors from time to time.
- F. A. The approval of a loan application shall be in writing and the Credit Committee or designated loan officer approving the loan shall ensure that the approval specify with respect to the loan:
- G. All loans granted shall be secured by the Loan Agreement signed and dated with the borrower and by such other security and conditionalities, if any, according to the Credit Policy of the Credit Union:
 - (1) The amount approved and date of approval;
 - (2) The purpose for which the loan was granted;
 - (3) The rate of interest and terms of repayment;
 - (4) The project plan or business strategy, as applicable;
 - (5) Any security to be held by the Credit Union;
 - (6) The date and amount of the disbursement; and
 - (7) Any other conditions that may be specified by the board or credit committee or the loans officer approving the loan.
- H. All loans granted shall be secured by the Loan Agreement signed and dated with the borrower and by such other security and conditionalities, if any, according to the Credit Policy of the Credit Union.
- I. Rates of interest shall be applied on the approval of the authorised officer but within the range fixed from time to time by the Directors.
- J. No employee, volunteer, member of the Board of Directors, member of the Credit or Supervisory Committee, shall be allowed to:
 - (1) Borrow from the Credit Union in a total amount in excess of his/her available permanent shares, voluntary shareholdings, accumulated earnings, excluding the granting of overdrafts, unless approved by a unanimous decision at a Credit Committee meeting at which one Director and one member of the Supervisory Committee are present. The borrowing member shall not be allowed to take part in the meeting; and
 - (2) Act as co-maker, guarantor, or endorser of any loan for another director or committee member or employee except where the beneficiary is his immediate family member. The co-signing member shall not be allowed to take part in the meeting.
- K. The amount of each loan, the period of repayment, and the form and value of the security, if any, shall be determined in accordance with the risk-based criteria and the authority limits prescribed in the Credit Policy approved by the Board of Directors from time to time.
- L. The Credit Committee shall have the right to refer any loan to the Board of Directors for a final decision only in respect of the amount of the loan, the period of repayment and the form and value of the security.
- M. A borrower may repay his loan prior to maturity in whole or in part on any day when the Credit Union is open for business. A penalty may apply as determined by the credit policy approved by Board of Directors.

- N. The Board of Directors or designate shall take steps for the recovery of assets in accordance with the Delinquency Policy as approved by the Board from time to time.

BOARD OF DIRECTORS

- 21. **A.** The business of the Credit Union shall be conducted by the Board of Directors, which shall be elected at the Annual General Meeting of the Credit Union and shall consist of not less than 7 or more than 9 members, all of whom shall be members of the Credit Union, provided that the number of members comprising the Board of Directors shall at all times be an uneven number.
- B.** Each director shall hold office until his successor is elected, unless he demits office earlier or has been expelled as a member from the Credit Union and shall be eligible for re-election.
- C.** Election of the Board of Directors shall be held in such a manner that the term of office of not more than a bare majority of the members shall expire at the same Annual Meeting.
- D.** Members of the Board of Directors shall be members of the Credit Union, over 18 years of age and in good standing.
- E.** Membership on the Board should closely reflect the demographics of the membership.
- F.** A bare majority of members shall constitute a quorum, but fewer than a quorum may adjourn from time to time until a quorum is present.
- G.** The Board may invite for reasons specified a Representative of the Credit and Supervisory Committee to its scheduled Board Meeting.
- H.** At the first Annual General Meeting, a bare majority of the members constituting the Board of Directors shall be elected for a term of 2 years and the others for a term of 1 year. Whenever the number of members of the Board of Directors is increased, one-half of such additional members shall be elected for two years and one half for one year. Thereafter the term of office for members shall be 2 years.
- I.** For the purpose of these Rules, the first meeting of members after Registration of the Credit Union shall be called the First Annual General Meeting.
- J.** Directors shall be elected at the Annual General Meeting and may hold office for a maximum of 3 consecutive terms of 2 years each, before retiring for a minimum of 1 year.
- K.** Any Director or Officer of the Credit Union may be removed at any time by resolution of the majority of the members present at any General Meeting called for that purpose; provided that such Director or Officer shall be informed in writing of the charges against him at least 14 days before such meeting and at such Meeting shall have reasonable opportunity to answer such charges.
- L.** Any Director who, without due excuse approved by the Board, fails to attend 3 consecutive Meetings of the Board, shall be deemed to have automatically vacated his office.
- M.** Any vacancy on the Board of Directors shall be filled within 30 days by vote of a majority of the remaining Directors, but the member so elected shall hold office only until the next Annual General Meeting, at which Meeting a member shall be elected to complete the unexpired term, provided the term does not expire at the time of such meeting.
- N.** All Directors must be in good standing. Any Director whose loan with the Credit Union becomes delinquent shall be deemed to have been automatically removed from his elected office, provided that he may retain his elected position if his loan is brought up to date within 15 days from the date of notification issued that the loan was due for payment.
- O.** The Board of Directors shall meet as often as the business of the Credit Union may require, and in any case not less frequently than once per month. Meetings of the Board shall be summoned in writing by the

Secretary who shall also call a Meeting of the Board upon the written request of the Chairman or, in his absence, the ranking Vice-Chairman or any 3 members.

- P.** Any meeting of the Board of Directors may be held by telecommunication including video conferencing technology. The system so employed must provide access to the meeting in a manner by which each person attending can be properly identified. The system must also facilitate the recording of any vote or other action taken at the meeting.
- Q.** Minutes of Meetings of the Board of Directors shall be recorded by the Secretary and shall be signed by the Chairman or other presiding member, and by the Secretary and shall contain the following particulars:
- (1) The names of the members present and the date of the meeting;
 - (2) The name of the chairman or other presiding member;
 - (3) A short statement of all matters discussed, and decisions made, and a record as to whether each decision was made unanimously or by majority; and
- R.** Minutes of the last Board Meeting must be submitted at the next scheduled Board meeting to ensure that the decisions of the Board are recorded and signed on a timely basis.
- S.** The Board of Directors shall provide overall leadership, govern the general direction and control of the affairs of the Credit Union. Every director shall always display ethical conduct, comply with legal requirements ensuring compliance, uphold the established policies and procedures as laid out by the Board of Directors, respect and maintain the confidential nature of members' information, and apply objectivity in his analysis and decision making at all times.
- T.** In particular, the Board of Directors shall act for the Credit Union and are responsible and accountable to its members for following fiduciary responsibilities:
- (1) Approves the mission, strategies and plans consistent with the overall purpose defined in Rule 3 above and the International Co-operative Principles to which the Credit Union subscribes;
 - (2) promotes awareness of and ensures compliance with the Credit Union's Rules, the Cooperative Societies Act and Regulations, and other relevant legislation among the members, employees, and officers;
 - (3) approves the Code of Conduct, promotes membership-wide awareness and ensures compliance by all elected officials and employees;
 - (4) establishes the policy framework including formulation and oversight of updated policies to guide the successful operations of the Credit Union;
 - (5) establishes the risk appetite of the Credit Union and ensures implementation of a robust and effective risk management framework to identify and manage risk on an ongoing basis, consistent with internationally accepted standards;
 - (6) approves the long-term goals and objectives of the Credit Union and determines the plan to achieve the associated results;
 - (7) approves the annual budget, with adequate resources provided for the effective and efficient achievement of the strategic objectives;
 - (8) enters into contracts on behalf of the Credit Union;
 - (9) calls annual and special meetings of the members and reports to them;
 - (10) receives reports from the Chief Executive Officer and monitors the performance of the Credit Union;
 - (11) authorises and supervises investments of the Credit Union other than loans of members;
 - (12) employs, evaluates the performance of, and determines the compensation for the CEO
 - (13) establishes a robust internal control environment, hires the auditor and ensures compliance with the Act and best practices throughout the organisation;
 - (14) ensures that the members' funds and the assets of the Credit Union are adequately protected;
 - (15) Stipulates distinct procedures and annual events for onboarding elected officers,
 - (16) exercises the powers of the management of the Credit Union through its Chief Executive Officer and may also hire external agents for providing specialised short-term advice;
 - (17) ensures that internationally accepted credit union principles and standards of good governance are observed;

- (18) responds to information and reports from management, auditors, the Authority, the Registrar, specialists, and the members, and takes timely and judicious decisions;
- (19) initiates ongoing education and training opportunities to equip elected officers and employees with the requisite skills and knowledge to effectively perform their functions; and
- (20) effectively represents and advocates for the Credit Union with legislators, policy-makers, private sector, religious and community leaders.

U. Recommending amendments to these Rules and to the Act;

V. Undertakes the following ongoing specific duties:

- (1) To act upon all applications for membership and on the exclusion or expulsion of members, except to the extent that it may have authorized the approval of the applications for membership to the Chief Executive Officer or his designate;
- (2) To determine the interest rate on loans from time to time;
- (3) To determine the maximum amount that may be loaned with and without security to any member, the maximum maturities and terms of payment or amortization of loans to members;
- (4) To determine the interest rate which will be paid on deposit accounts and other accounts;
- (5) To fill vacancies on the Board of Directors and on the Credit Committee;
- (6) To appoint sub-committees of the Board, each with stipulated terms of reference;
- (7) To determine from time to time, subject to the Act and Regulations, the maximum number of shares that may be held by any member, and the maximum amount that any one member may have in the Deposit Account or other accounts;
- (8) To submit the Accounts of the Credit Union for audit in pursuance of the provisions of the Act and Regulations;
- (9) To authorise borrowings and discounting operations on behalf of the Credit Union subject to the provisions contained in these Rules, and subject also to the Act and Regulations;
- (10) To monitor the collection of loans from members and the prevention of losses and to authorise the charge-off of uncollectable loans, in accordance with the Delinquency Policy;
- (11) To maintain, at all times, an active programme of co-operative education and to maintain relations with other registered co-operative organizations aimed at promoting the best interest of the Credit Union and of the Co-operative Movement;
- (12) To provide, on a member's request, a copy of the latest Annual Report and the Audited Financial Statements are available to the members on the website and at the registered office of the Credit Union;
- (13) To promote awareness among members and encourage compliance by all employees with The Cayman Islands' Data Protection Act, 2017 (Law 33 of 2017); and
- (14) To take all measures to provide for the management of the affairs of the Credit Union not provided in these Rules or in the Act or Regulations to be taken by a General Meeting and to perform such other duties as the members in General Meeting may from time to time authorize not inconsistent with these Rules and the Act and Regulations.

W. The Board of Directors should possess a diversity of skills as outlined in the Nominating Policy approved by the Board and amended from time to time.

22. All directors and committee members are eligible for a fixed fee per meeting as determined by members at an Annual General Meeting.

BOARD EXECUTIVE OFFICERS AND THEIR DUTIES

23. A. The Executive Officers of the Credit Union shall be a Chairman, one or more Vice-Chairpersons, a Treasurer and a Secretary, all of whom shall be elected by the Board of Directors in accordance with Rule 31E, and the said Officers shall hold office until their successors are elected.

B. If more than one Vice-Chairman is elected, the Board shall determine their rank, as First Vice-Chairman, Second Vice-Chairman, et cetera. The offices of Treasurer and Secretary shall be held by separate directors.

- C. CHAIRMAN:** A competent chairman will actively prevent the Credit Union from coming under the dominant influence of any one person or group of persons. As the leader of the Board and chief advocate for the Credit Union, the Chairman shall perform such other duties as customarily appertain to the office of Chairman or as he may be directed to perform by resolution of the Board of Directors, not inconsistent with the Act and these Rules, and in addition such duties as the Co-operative Societies Act, the Regulations and the Authority may require to be performed by the Chairman of the Board of Directors.
- D.** The specific duties and responsibilities of the Chairman shall include:
- (1) projecting and defending the integrity of the Credit Union as a registered co-operative financial institution;
 - (2) building participation in the affairs of the Credit Union by the members as the owners;
 - (3) calling special meetings of the Board and the members when necessary or upon proper request;
 - (4) presiding at all meetings of the members and of the Board, except Special General Meetings called by the Supervisory Committee or the Registrar;
 - (5) setting the agenda for meetings of the members and of the Board;
 - (6) reporting, on behalf of the Board, to the members at Annual and Special General Meetings, on the affairs and performance of the Credit Union;
 - (7) signing, with the Secretary, the minutes of meetings of the Board of Directors and Annual General Meetings;
 - (8) countersigning contracts and other legal documents on behalf of the Credit Union appointing committees and encouraging leadership development;
 - (9) through healthy relationship building, supervising, and supporting the CEO's efforts to integrate approved policies into day-to-day operations;
 - (10) promoting an enabling climate for accountability, effective communication, performance, and professional growth at all levels;
 - (11) leading and guiding the Board in its deliberations and oversight of the Credit Union.
 - (12) representing the Credit Union to its members, the Government, other stakeholders, and the national community;
 - (13) increasing shareholder value by managing the relationship between the owners and the decision-makers; and
 - (14) being a role model of good governance and effective leadership for staff and other Board members.
- E. VICE-CHAIRMAN:** The ranking of Vice-Chairman shall:
- (1) act in the absence or disability of the Chairman or his refusal to act;
 - (2) perform any other duties assigned by the Board of Directors;
 - (3) assist the Chairman as he presides over Annual General and other meetings, and
 - (4) perform such other duties as the Board of Directors may from time to time prescribe.
- F. SECRETARY:** The Secretary of the Board serves as the administrative officer of the Board and whereas the Credit Union may delegate most of his duties to the Corporate Secretary, the Secretary of the Board shall:
- (1) issue or cause to be issued proper notice of all meetings in accordance with the Rules and the Co-operative Societies Act;
 - (2) ensure the preparation and maintenance of full and correct records of all meetings of the members and of the Board, encouraging conciseness of the matters discussed and clarity of the decisions taken;
 - (3) sign, with the Chairman, the minutes of meetings of the Board of Directors and Annual General Meetings;
 - (4) review the minutes of all statutory and ad-hoc committees of the Credit Union;
 - (5) authenticate documents or signatures which bind the Credit Union and certify the correctness of resolutions;
 - (6) ensure that original minutes and the relevant reports are on file, secured and retrievable at the Credit Union's office;
 - (7) keep track of Directors' and Committee Members attendance at Board meetings and inform the Chairman of excessive absence; and
 - (8) perform any other duties prescribed by these Rules or authorised by the Board.
- G. TREASURER:** The Treasurer is responsible to the Board and the members for oversight of the financial affairs of the Credit Union such as monthly financial reports and prudential returns, annual budget, annual audit, internal audits, and material risks. Whereas the Credit Union may delegate most of his former duties

to the Chief Executive Officer or the Chief Financial Officer, subject to such limitations and control as may be imposed by the Board of Directors, the Treasurer shall:

- (1) provide the Board with knowledge, assessments and insight into the financial plans, controls, and results of the Credit Union;
 - (2) ensure reliable financial reporting by the Chief Executive Officer and/or the Chief Financial Officer to the Board, the members, the Authority and the Registrar on the safety and soundness and the healthy growth of the Credit Union;
 - (3) ensure that the financial management and reporting responsibilities as delegated to Management comply with the Act, these Rules, the Regulations of the Authority, other relevant operating standards, legislation and best practices;
 - (4) present the Treasurer's and other financial reports of the Credit Union to the members at Annual General Meetings; and
 - (5) ensure that the annual audited accounts are forwarded to the Registrar and the Authority within the prescribed period.
 - (6) be sufficiently qualified to carry out the above responsibilities.
- H. In addition to appointing ad-hoc sub-committees under section 35, the Board shall appoint an Executive Committee of not fewer than three Directors to do all acts authorised by the Board of Directors, in accordance with the Act and Regulations. The Chairman, Secretary and Treasurer shall be members of the Executive Committee.
- I. Every action of the Executive Committee must be submitted for ratification to the Board of Directors in writing not later than the first meeting of the Board after the action is taken.
- J. All matters coming before the Executive Committee shall be dealt with at a meeting at which a majority of Committee members is present.
- K. During the absence or disability of any Officer or his refusal to act, the Board of Directors may appoint another member to act temporarily in his stead.
- L. For effective planning, coordination, and good governance, at least once per year, a joint meeting of the members of the Board of Directors and Credit and Supervisory Committees shall be held. The Secretary of the Board of Directors shall be responsible for convening this meeting.

CREDIT COMMITTEE

24. A. The Credit Committee is the elected body which ensures effective and efficient credit administration, management of the loan portfolio and implementation of the Credit and Delinquency Policies approved by the Board of Directors with special attention to quality products, competitive pricing and processing, loss prevention and portfolio growth. Its responsibilities and duties entail:

- (1) Studying and implementing the Credit Policy of the Credit Union;
- (2) Recommending amendments to the Credit Policy and Delinquency Policy, where necessary;
- (3) Require that loan applications and agreements are properly completed with all required information prior to submission to the Committee;
- (4) Evaluation and decision making on member loan requests referred to it by the Chief Executive Officer or his designate;
- (5) Conducting interviews with loan applicants where required;
- (6) Determining the adequacy of security and the sufficiency of collections for loans;
- (7) Promotion of thrift, encouraging the wise use of credit and providing financial counseling to members where required;
- (8) Ensuring that loss prevention delinquency is effectively controlled through the committee's evaluation and approval of loans;
- (9) Reviewing reports that are submitted to it by the Chief Executive Officer or his designate; and
- (10) Submitting monthly reports to the Board of Directors and to the members at the Annual General Meeting.

- B.** The Chairman of the Credit Committee is responsible for calling meetings of the Committee and, in conjunction with the Secretary, for developing the agenda for meetings. He is also responsible for presenting the Committee reports to the Board and the Annual General Meeting.
- C.** The Board of Directors may authorize the Chief Executive Officer or any other loans officer to assist the Credit Committee to perform any of its duties listed above in Rule 24A, including the processing and approval of loans, recording of minutes and the convening of meetings. Any employee assigned by the Board to participate in meetings of the Credit Committee shall be an ex-officio member and shall not have the right to vote on any matter.
- D.** The Chief Executive Officer or designate shall send a report of the activities of the Credit Committee to the Board of Directors each month.
- E.** The Credit Committee shall be elected at the Annual General Meeting of the Credit Union and shall consist of not less than 3 but not more than 5 members.
- F.** Each member shall hold office until his successor is elected, unless he demits office earlier or has been expelled as a member from the Credit Union and shall be eligible for re-election.
- G.** Members of the Credit Committee shall be elected at the Annual General Meeting and may hold office for three a maximum of (3) consecutive terms of two (2) years each, before retiring for a minimum of one (1) year providing that at least one (1) Committee member shall retire each year.
- H.** Subject to the provisions of rule 24L and 24M, at the first Annual General Meeting a bare majority of the members constituting the Committee shall be elected for a term of 2 years, and the others for a term of 1 year. Whenever the number of members of the Committee is increased, one-half of such additional members shall be elected for 2 years and one-half for 1 year. Thereafter, the term of office for the Committee Members shall be for 2 years and each shall hold office for a maximum of 3 consecutive terms.
- I.** Each member of the Credit Committee shall be a member of the Credit Union and over 18 years old.
- J.** All members of the Credit Committee must be in good standing.
- K.** Any member of the Credit Committee whose loan with the Credit Union becomes delinquent shall be removed by the Board of Directors from his position as a member, provided however, that such member may retain his position as a member if his loan is brought up to date 15 days from the date of notification that the date the loan was due for payment.
- L.** Any member of the Committee who without due excuse approved by the Committee fails to attend 3 consecutive regular meetings of the Committee, shall be deemed to have vacated his office.
- M.** Any vacancy on the Committee shall be filled by the Board of Directors, but the member filling such a vacancy shall hold office only until the next Annual General Meeting at which meeting a member shall be elected to complete the unexpired term provided the term does not expire at the time of such meeting.
- N.** The Credit Committee shall choose from its number, a Chairman, a Vice-Chairman, and a Secretary, none of which offices may be held by the same person.
- O.** The Secretary shall notify all remaining members of the Board of Directors and members of Credit and Supervisory Committees, whenever an officer, member of the Board of Directors or member of the Credit or Supervisory Committee applies for a loan in excess of his shareholding.
- P.** The Secretary shall prepare and maintain the records of all actions taken by the Committee. Since these records serve as significant internal control material, importance must be placed on their accuracy and detail. The records of meetings should be prepared during or immediately after a meeting and should be signed by the Chairperson and Secretary.

- Q.** The Credit Committee shall hold such meetings as the business of the Credit Union may require, and not less frequently than once per month. Due notice of each meeting shall be given to the members of the Committee by the Secretary or Chief Credit Officer or designate, as applicable.
- R.** The Representative who attended the monthly meeting of the Board of Directors shall duly report thereon to the ensuing meeting of the Credit Committee.
- S.** Any meeting of the Credit Committee may be held by telecommunication including video conferencing technology. The system so employed must provide access to the meeting in a manner by which each person attending can be properly identified. The system must also facilitate the recording of any vote or other action taken at the meeting.
- T.** The Credit Committee shall always display ethical conduct, comply with legal requirements ensuring compliance, follow established policies and procedures as laid out by the Board of Directors, respect and maintain the confidential nature of member's information, and at all times in reviewing a loan application maintain objectivity in its analysis.
- U.** Each Loan Officer shall furnish to the Credit Committee a record of each loan approved or not approved by him within 7 days of the date of the filing of such application thereof and such records shall become a part of the records of the Committee.
- V.** All loans should be approved in accordance with the authorization limits prescribed in the Credit Policy as reviewed and approved by the Board of Directors from time to time.
- W.** No individual shall have authority to disburse funds of the Credit Union for any loan which has been approved by him in his capacity as a Loan Officer.
- X.** Unless otherwise stated in the Credit Policy:
 - (1)** The Loans Officer and, as applicable, the Credit Committee shall enquire into the character and financial position of each applicant for loan and his sureties, if any, to ascertain his ability to repay fully and promptly the obligations incurred by him and to determine whether the loan sought is for a provident or productive purpose and will be of probable benefit to the borrower;
 - (2)** The Loans Officer and the Committee shall endeavour diligently to assist applicants in solving their financial problems;
- Y.** When there are more loans pending than can be granted with the funds available, preference shall be given in all cases to the application for smaller loans if the need and credit factor are nearly equal;
- Z.** Except for loans approved by a duly authorised Loan Officer and except as hereinafter provided, no loan shall be made if any member of the Credit Committee shall disapprove thereof nor unless such loan has received the unanimous approval of the members of the Committee who were present when it was considered, and who must also be a majority of the Committee; and
- AA.** The Credit Committee should possess a mix of competencies and knowledge as outlined in the Nominating Manual as approved by the Board of Directors and amended from time to time.

SUPERVISORY COMMITTEE

- 25. A.** The Supervisory Committee serves as the Internal Audit Committee of the Credit Union for and on behalf of the members. Its primary purpose is to provide oversight of the financial reporting process, the audit process, the system of internal controls, risk management, and compliance with applicable acts and regulations, these Rules, the Code of Conduct, and approved policies.
- B.** The primary objectives of this Committee are:

- (1) ensuring that the Board of Directors provides oversight of the Credit Union as a safe and sound financial institution
- (2) ensuring that the interests of the members are protected,
- (3) requiring that the Board of Directors, Credit Committee, and staff comply with the acts, rules and policies of the Credit Union, and
- (4) requiring that every transaction that is carried out in the Credit Union conforms to prudent and transparent business practices.

C. The main functions of the Supervisory Committee are as follows:

- (1) Determining compliance with the Rules of the Credit Union, the Act, the regulations of the Authority, and other relevant acts in the Cayman Islands.
- (2) Reviewing the adequacy and effectiveness of the risk management framework and practices.
- (3) Ensuring that no irregular or unauthorized transactions are carried out by either employees or volunteers or any parties connected to these persons in accordance with the Anti-fraud Policy.
- (4) Determining the reliability and integrity of financial and operating systems and information.
- (5) Checking on the Credit Union's Credit Administration and Portfolio Management to ensure that collections are efficient, delinquency is kept under control and that securities are adequately endorsed in the Credit Union's favour.
- (6) Ensuring that meetings of the Supervisory Committee are properly arranged and conducted and that proper records of same are kept.
- (7) Determining whether the Code of Conduct, policies and procedures established by the Board of Directors are documented and adhered to.
- (8) Evaluating the adequacy of the Internal Control systems and making recommendations to the Board of Directors for improvement where necessary.
- (9) Ascertaining whether the established systems of internal control provide reasonable assurance to the members that the assets of the Credit Union are adequately protected to ensure safeguards against errors, carelessness, and fraud.
- (10) Monitor the register of dormant and inactive accounts and the follow-up activities taken by management to reduce and prevent losses;
- (11) Ensuring that the selection of the external auditors is done in a transparent manner and in conformity with all relevant rules/regulations.
- (12) Ensuring that external auditors maintain independence and objectivity in carrying out the audits.
- (13) Evaluating the Credit Union's compliance with applicable legislation and making recommendations to the Board of Directors where necessary.
- (14) Receiving and investigating any complaint made by any member affecting the proper running of the Credit Union in accordance with the Member Feedback Policy approved by the Board.
- (15) By a majority of its members, call a Special General Meeting of the members with 14 days' notice, to consider any violation of the Rules and policies of the Credit Union, to consider any practice of the Credit Union, which in the opinion of the Committee is unsafe and unauthorized, or where it deems that the Board or any of its directors is not working in the best interests of the Credit Union.
- (16) Before the 7th day of each ensuing quarter, submit a quarterly report to the Board signed by at least 2 Committee members.

D. Other functions consistent with its role and responsibility include:

- (1) Making recommendations to the Board on the appointment, re-appointment or replacement of the Credit Union's external auditor, internal auditor and the manager responsible for risk and compliance.
- (2) Reviewing risk awareness and risk management through reports of the Chief Risk and Compliance Officer and audit of the Risk Management and Compliance function.
- (3) Arranging for and supervising the internal audits from the Internal auditor and receiving reports of these audits.
- (4) Requiring the adequacy of internal control systems and procedures and adequate management of risks.
- (5) Liaising with the Credit Union's external auditor in the conduct of audits.
- (6) Engaging advisors on complex financial and internal control matters.

E. Where any misappropriation or misdirection of funds, securities and other properties of the Credit Union involves an employee of the Credit Union, the Supervisory Committee shall forthwith inform the Board and

the Chief Executive Officer in writing and the Board shall take action in accordance with the Anti-Fraud Policy.

- F.** The Supervisory Committee shall consist of a minimum of 3 members and a maximum of 5 members, none of whom shall be members of the Board of Directors or Credit Committee or an employee and all of whom shall be members of the Credit Union.
- G.** Each member shall hold office until his successor is elected, unless he demits office earlier or has been expelled as a member from the Credit Union and shall be eligible for re-election.
- H.** Each member of the Supervisory Committee shall be a member of the Credit Union over 18 years old.
- I.** All members of the Supervisory Committee shall be in good standing.
- J.** Any member of the Supervisory Committee whose loan with the Credit Union becomes delinquent shall be removed by the Board of Directors from his position as a member, provided however, that such member may retain his position as a member of the Supervisory Committee if his loan is brought up to date within 15 days from the date of notification that the loan was due for payment.
- K.** Members of the Supervisory Committee shall be elected at the Annual General Meeting and may hold office for a maximum of three (3) consecutive terms of two (2) years each, before retiring for a minimum of one (1) year providing that at least one (1) Committee member shall retire each year.
- L.** In the event of a vacancy in the membership of the Committee, shall be filled within 30 days by vote of a majority of the remaining members, but the member so elected shall hold office only until the next Annual General Meeting, at which Meeting a member shall be elected to complete the unexpired term, provided the term does not expire at the time of such meeting.
- M.** The Supervisory Committee members shall choose from their number a Chairman, Vice-chairman, and a Secretary, none of which offices may be held by the same person.
- N.** The Secretary shall circulate notices of meetings, record accurately the minutes of meetings of the Committee, maintain and have custody of full and correct records of all action taken by the Committee, will document the findings from audits and will prepare the reports for the quarterly Board and Committee meeting and for the Annual General Meeting.
- O.** The Chairman shall convene meetings of the Committee, preside over these meetings, carry out the directives of the Committee and present the Committee's reports to the quarterly Board and Committee Meeting and the Annual General Meeting.
- P.** The Representative who attended the monthly meetings of the Board of Directors shall duly report thereon to the ensuing meeting of the Supervisory Committee.
- Q.** The Board shall appoint a Risk & Compliance Manager in compliance with the Act, other applicable legislation, standards and best practices in force relating to anti-money laundering and combating terrorist and proliferation financing. The Risk & Compliance Manager shall monitor and periodically report to the Chief Executive Officer, Supervisory Committee, and the Board on the levels of awareness, adherence and compliance in the internal operations of the Credit Union.
- R.** The Internal Auditor shall or another senior qualified professional and any other employee to assist the Supervisory Committee to perform its responsibilities and duties listed in Rule 25 above, including the recording of minutes and the convening of meetings. The Internal Auditor shall participate in meetings of the Supervisory Committee and shall be an ex-officio member, and shall not have the right to vote on any matter.
- S.** Any meeting of the Supervisory Committee may be held by telecommunication including video conferencing technology. The system so employed must provide access to the meeting in a manner by which each person attending can be properly identified. The system must also facilitate the recording of any vote or other action taken at the meeting.

- T. Members of the Supervisory Committee are required to have an adequate mix of competencies in accordance with the Nominating Manual.

MEETINGS OF MEMBERS

- 26. A.** The supreme authority of the Credit Union is vested in the general meeting of members at which every member in good standing has a right to attend and vote on all questions.
- B.** The first general meeting of members after registration of the Credit Union shall be called the First Annual General Meeting and shall have the same powers as are herein given to the Annual General Meeting.
- C.** The members are responsible for performing the following functions during a general meeting of the members:
- (1)** Electing, at an annual general meeting, the Board of Directors and members of the Credit and Supervisory Committees, and removing them in accordance with these Rules;
 - (2)** Receiving reports on operations for the previous financial year, from the Board of Directors, the Treasurer and Auditor and the Supervisory and Credit Committees;
 - (3)** Amending the Rules;
 - (4)** Deciding on the maximum liability;
 - (5)** Approve the distribution of surplus as declared by the Board of Directors;
 - (6)** Calling Special General Meetings, if necessary; and
 - (7)** Deciding/voting on special resolutions.
- D.** Each member in good standing shall have one vote only and there shall be no voting by proxy; provided that in the case of an equality of votes the Chairman shall have a second or casting vote.
- E.** Any question submitted for the decision of the members present at a meeting shall be decided by a majority of votes.
- F.** At any meeting a resolution put to the vote shall be decided by a show of hands unless voting by ballot is demanded by at least 10 of the members present before declaration of the result by the show of hands, and in such case, voting by ballot shall be taken. The system shall also facilitate the electronic recording of any vote or other action taken at the meeting whether it be by the member attending via telecommunications or in-person.
- G.** Any general meeting of the members may be held by telecommunication including video conferencing technology. The system so employed must provide access to the meeting in a manner by which each person attending can be properly identified.
- H.** The Annual General Meeting of members shall be convened by the Board of Directors not later than 2 months after the report on the audit of the accounts of the Credit Union for the past financial year by person authorised by him, is received by the Board of Directors.
- I.** The order of business at Annual General Meetings shall be:
- (1)** Ascertainment that a quorum is present;
 - (2)** Taking apologies for absence; and
 - (3)** Confirmation and approval of the Minutes of the last Annual General Meeting, and of any intervening Special General Meeting and discussions of matters arising there from.
- Reports of:
- (4)** Board of Directors;
 - (5)** Any sub-committees;
 - (6)** Credit Committee;
 - (7)** Supervisory Committee; and
 - (8)** Treasurer and Auditor.
- Distribution of Surplus;
- (9)** Maximum limit of borrowing by the Credit Union.

Elections to:
(10)Board of Directors;
(11)Credit Committee; and
(12)Supervisory Committee.

(13)Any other business; and
(14)Adjournment.

- U.** The members assembled at any annual or special meeting may suspend the above order of business upon a two-thirds vote of the members present at the meeting.
- V.** Special General Meetings may be called by the Board of Directors on their own initiative, at the request of the Supervisory Committee, or upon the written petition of not less than 5 percent of the members based on the total membership as outlined in the most recent Annual Report. The purpose of the Special General Meeting shall be set forth in the notice and only such business as is described in the notice may be dealt with at such meetings.
- W.** If the Board of Directors fails to convene a meeting within 21 days from the receipt of demand as aforesaid, the Supervisory Committee or the members applying for such a meeting will have the right to convene the meeting by notice which must contain the object of the proposed meeting and a statement to the effect that the meeting is convened on the failure of the Board of Directors to convene the meeting demanded.
- X.** At least 14 days before the date of any Annual or Special General Meeting, the Secretary shall post a notice of the Meeting in a conspicuous place in the office and cause written notice thereof to be sent to members by post, email, other electronic means or by publication on the Credit Union's website.

QUORUM

- 27. A.** The following rules shall apply for a meeting to be deemed quorate:
- (1)** For the purpose of any general meeting, a quorum shall consist of (100) members, provided that when a meeting is summoned by the Registrar any members present at such meeting shall be deemed to form a quorum.
 - (2)** If within one hour after the time fixed for any meeting other than a meeting convened by the Registrar, the members present are not sufficient to form a quorum such meeting shall be considered as dissolved if convened on the demand of members. In all other cases it shall stand adjourned to a date not more than thirty (30) days hence and at a time and place to be determined. For reconvening an abortive meeting at least three days' notice shall be given.
 - (3)** If at the reconvened meeting a quorum is not present within half an hour from the time appointed for the meeting, the members present shall form a quorum.
 - (4)** The Chairman of the Board of Directors or, in his absence, the ranking Vice-Chairman, or in their absence, any other member elected by a majority of those present shall preside at the Annual or Special General Meeting.

MINUTES

- 28. A.** Minutes of the meetings shall be recorded in the Minute Book and signed by the Chairman and Secretary, and shall contain:
- (1)** The number and names of the members present at the meeting and the name of the Chairman or of the person who presided at the meeting;
 - (2)** The time fixed for the meeting and the time the meeting commenced;
 - (3)** The total number of members on the date on which the meeting was held; and
 - (4)** All resolutions passed or decisions made at the meeting.
- B.** No political, sectarian or racial discussion shall be raised, or resolution proposed, either at any Committee, Board or General Meetings of the Credit Union.

FITNESS AND PROBITY

- 29. A.** Pursuant to sections 4A and 38A of the Act:
- (1)** In addition to completing the declaration form required by the Authority in respect of their individual probity, competence and soundness of judgment for fulfilling the responsibilities of that position, each elected member of the Board of Directors, Credit Committee and Supervisory Committee of the Credit Union and each member of Executive Management shall make a written, annual

declaration to the Annual General Meeting or within 24 hours thereafter and if not submitted the member will not be permitted to join the Committee or the Board.

- (2) Attesting to ensuring compliance with the Act, the Regulations, the Rules, and the Code of Conduct:
 - (a) attesting to their fitness and probity as elected officials;
 - (b) undertaking to place the best interests of the Credit Union above personal and associated interests in accordance with the Credit Union's Conflict of Interest Policy;
 - (c) relating to the faithful performance of their duties and the confidentiality of members' transactions; and
 - (d) any other information deemed pertinent by the members and the elected officials.

B. A person may not be elected or appointed for office or may be removed from elected office by the members and shall no longer constitute part of the governance or management of the Credit Union where the person:

- (1) has committed an offence contrary to the Act, and any other related legislation;
- (2) Breach of Policies, Procedures, Rules and Acts and any other regulatory requirements as administered by the Authority
- (3) has contravened the Rules of the Credit Union;
- (4) being a Board or Committee Member, has violated the Code of Conduct and Conflict of Interest Policy;
- (5) fails to complete the required training as set out in the Board and Committee Operating Manual;
- (6) operates in direct competition with the Credit Union;
- (7) holds one or more dormant accounts with the Credit Union;
- (8) is a member in default with regard to his permanent shares and loans;
- (9) has a history of default in respect of financial matters;
- (10) committed an offence involving fraud or other dishonesty or violence; or
- (11) has engaged in or has been associated with any other business practices or otherwise behaved in such a way as to cast doubt on his competence and soundness of judgment.

C. A person found to be ineligible for election or appointment, or who is removed from office under sub-rules i and/or ii may appeal to the Registrar within 21 days of the decision that the person is ineligible for election or appointment or removed from office.

D. All directors and committee members shall comply with the Board and Committee Operating Manual as approved by the Board from time to time.

NOMINATING COMMITTEE

30. A. Not less than 60 days after each Annual General Meeting, the Board of Directors shall appoint a director whose term is not expiring to chair the Nominating Committee of 3 members. The remaining 2 members of the Nominating Committee shall be chosen from the general membership. It shall be the duty of the Nominating Committee to nominate at the Annual General Meeting at least one member for each vacancy for which elections are being held.

B. The Nominating Committee shall comply with the requirements outlined in the Nominating Manual, as reviewed and approved by the Board from time to time, for all nominees for the election of directors and committee members.

C. On receipt of a nomination referred to in sub-section iii the Secretary shall, at the time of publishing the notice of a general meeting of members, include in the notice a statement that the member nominated has offered himself for election to the Board of Directors, the Credit Committee or the Supervisory Committee.

D. Before accepting the nomination of a person or persons for election to the board or to a committee, the chairperson of the meeting called for the purpose of elections shall be satisfied that each person nominated has been vetted and confirmed by the Nominating Committee in accordance with the Nominating Manual.

ELECTIONS

- 31. A.** All elections shall be determined by a majority vote and shall be by ballot or electronic means except where there is only one nominee for each vacancy.
- B.** Elections may be separate ballots following the same order as the nominations or if preferred, may be by one ballot.
- C.** Where the number of candidates nominated is the same as or fewer than the number required to be elected at that meeting, the chairperson of the meeting shall declare the candidates nominated to have been elected by acclamation and entitled to hold the positions for which they were nominated.
- D.** The Returning Officer shall announce the results of the members' votes during the Annual General Meeting.
- E.** Within 10 days after their election, the members of the Board of Directors, Credit and Supervisory Committees shall meet and elect from their number the respective Officers, as applicable:

Board of Directors:

- (1) Chairman;
- (2) one or more Vice-Chairpersons,
- (3) Treasurer, and
- (4) Secretary.

Credit and Supervisory Committees:

- (1) Chairman;
- (2) Vice-Chairman, and
- (3) Secretary

- F.** The Board may also appoint an Executive Committee.
- G.** Within 10 days of any change in the Directors, Credit or Supervisory Committee members, the names and addresses of all the members of the Board, Executive Officers, and Executive Committees shall be forwarded to the Registrar of Co-operative Societies, or duly authorised body of which the Credit Union is a member.
- H.** A hiatus, cooling off period, of 2 years shall expire before:
- (1) a retired CEO or senior manager becomes eligible for election to the Board or a statutory committee or the Nominating Committee of the Credit Union; and
 - (2) A sitting or former director, credit committee or supervisory committee member may be eligible for employment with the Credit Union.

RESERVES

- 32. A.** With regard to setting aside of reserves, all entrance fees and the portion of the net surplus of each financial year shall be set aside as a Statutory Reserve.
- B.** The Statutory Reserve shall be the property of the Credit Union and may be applied with the sanction of the Registrar of Co-operative Societies or duly authorised body to meet losses on loans to members and to other Credit Unions and such other losses as are authorised in accordance with the Act and Regulations.
- C.** The Statutory Reserve shall be always identifiable in the accounts of the Credit Union and shall not be distributed except on liquidation of the Credit Union or in accordance with the Act and Regulations.
- D.** In addition to the Statutory Reserve, the Board of Directors may also authorise the establishment of any additional reserves which it deems necessary to protect the interest of members.

DIVIDENDS

- 33. A.** With regard to the payment of dividends, the Credit Union shall not declare or pay any dividend:
- (1) Unless the auditor has certified that a net surplus has been generated for the year in review;
 - (2) Prior to the approval of the audited financial statements by the annual general meeting.

- B. Dividends declared and paid shall not exceed the limit as stipulated in Section 34 of the Act; and
- C. Dividends shall only be paid to members in good standing.

OTHER APPROPRIATIONS

34. A. The net surplus of the Credit Union as ascertained by the annual audit shall be applied as follows:
- (1) In accordance with Section 35 of the Act, at least 20 percent shall be carried to the Statutory Reserve.
 - (2) To create any Special Purpose Fund for the needs of the Credit Union and its members or for any cause deemed necessary and appropriate.
 - (3) To pay to members a dividend not exceeding the rate prescribed by the Act on all shares (permanent and/or voluntary shares) as declared by the Board.
 - (4) To contribute not more than 10 percent of the remaining net balance to a Development Fund that strengthens institutional capacity and business growth in the Credit Union and promotes continuous co-operative and financial education among members, employees and elected officers and supports social, cultural, environmental, community development and charitable purposes; and
 - (5) To create any Special Purpose Fund for the needs of the Credit Union and its members or for any cause deemed necessary and appropriate.

BANKING ACCOUNT

35. The funds of the Credit Union may be deposited in licensed banks operating in accordance with the acts of the Cayman Islands and in central-type Credit Union organisations.

INVESTMENTS

- 36.A. Funds not used in loans to members may be invested in accordance with the Investment Policy as approved by the Board of Directors from time to time, which shall observe the following stipulations:
- (1) the purpose and objectives of the investment activities;
 - (2) who has authority to make the investments and the extent of this authority;
 - (3) the number and types of investments;
 - (4) the maximum ratio and limit per type of investment;
 - (5) the portfolio duration per investment type undertaken;
 - (6) restriction of the Board from investing in speculative and other instruments that do not conform to the risk appetite of the Credit Union.
 - (7) the conditionalities that will apply to investments made by the Credit Union.
 - (8) Except where permitted by the Investment Policy, the Board of Directors may not invest any of the funds of the Society unless the investment is approved by a two-thirds majority of the said Board, provided also, that all members constituting the Board have been previously notified of such intent.

POWER TO BORROW

37. Subject to the provisions of the Act and Regulations, the Board of Directors may borrow from any source on such security and such terms of repayment as they think fit; provided that the total amount borrowed shall not exceed 50 percent of the Credit Union's Institutional Capital and provided that the members in an Annual General Meeting by resolution have fixed the maximum liability for loans that the Board of Directors may borrow.

FINANCIAL YEAR, FINANCIAL STANDARDS, AUDIT AND DISCLOSURE

38. A. Further to the requirements under section 39 of the Act:
- (1) The Financial Year of the Credit Union shall end on July 31st of each year;
 - (2) The Credit Union shall prepare its financial statements in accordance with, as applicable, the International Financial Reporting Standards issued by the International Accounting Standards Board, both on individual and consolidated bases; and
 - (3) The Chief Executive Officer or designate shall ensure that the response of the Board of Directors to the Auditor's Report and Management Letter is shared with the Authority and its comments are noted.

SEAL

- 39.** The Board of Directors shall adopt for the use of the Credit Union a distinctive seal having the name of the Credit Union inscribed thereon.
- B.** The Seal of the Credit Union shall at all times remain in the custody of the Chief Executive Officer at the Registered Office of the Credit Union.
 - C.** The Seal of the Credit Union shall not be affixed to any document except by the authority of a resolution of the Board of Directors and in the presence of at least two members of the Board of Directors and the Secretary or such person or persons as the Board of Directors may appoint for the purpose; and the two members of the Board of Directors and the Secretary or other person as aforesaid shall sign every document to which the Seal of the Credit Union is affixed in their presence.

POWERS OF NOMINATION

- 40. A.** A member of the Credit Union may by writing under his hand, deliver at or send to the Credit Union during the lifetime of such member, nominate any person or persons other than an employee of the Credit Union (unless such employee is the husband, wife, father, mother, child, brother, sister, nephew, or niece of the nominator) to or among whom his property in the Credit Union whether in shares, loans, or deposits or so much thereof as is specified in such nomination if the nomination does not comprise the whole, shall be transferred at his decease.
- B.** For the purpose of a transfer to a nominee, the value of any share or interest shall be represented by the sum actually paid for that share or interest by the member holding it.
 - C.** Where any money is paid to a nominee who is a minor, a receipt given either by the parent or guardian of the nominee shall be sufficient discharge to the Credit Union.
 - D.** A nomination so made may be revoked or varied by any similar document under the hand of the nominator delivered or sent as aforesaid.
 - E.** Every appointment of a nominee shall be made in the form prescribed by the Credit Union
 - F.** A notice of the right of nomination shall be sent by the Chief Executive Officer or designate to every individual member so that his nominations can be made or updated.
 - G.** On receiving satisfactory proof of death of a nominator, the Board of Directors shall proceed in the manner laid down in Section 19 of the Act, the relevant Regulation, and the Nominating Manual established by the Board and amended from time to time.

UNSOUND OR LUNATIC MEMBERS

- 41. A. Where** a member of the Credit Union has been medically certified in accordance with the Mental Health Act as being of unsound mind, incapable of managing himself or his affairs, and where no committee of his estate or trustee of his property has been appointed, the Credit Union may, subject to the provisions of Regulation and any conditions which the Board of Directors may impose: transfer the whole or any portion of the share or interest of such member to the legal guardian who has been awarded such powers by the Grand Court of the Cayman Islands in return for the care of such member and the management of his affairs.
- B.** All transfers and payments made by the Credit Union in accordance with the provisions of these Rules shall be valid and effectual against any demand made upon the Credit Union by any other person.

DISPUTES

- 42. A.** Any dispute regarding the business of the Credit Union shall be referred to the Registrar or duly authorised body as provided in Section 58 and 59 of the Act., this includes disputes which may arise:
- (1)** Among members, past members, and persons claiming through members, past members, and deceased members; or
 - (2)** Between a member, past member, or person claiming through a member, past member or deceased member of the Credit Union, its Board of Directors, or any Officer of the Credit Union;
 - (3)** Between the Credit Union or its Board of Directors and any Officer of the Credit Union; or
 - (4)** Between the Credit Union and any other Credit Union.
- B.** Pursuant to Rule 20N, a claim by the Credit Union for any debt or demand due to it from a member, past member or the nominee, heir, or legal representative of a deceased member, shall be deemed

to be a dispute touching the business of the Credit Union but shall be processed in accordance with Delinquency Policy approved by the Board and amended from time to time.

AMENDMENT OF THESE RULES

- 43. A.** These Rules may be amended by a resolution of the members at any Annual General Meeting or Special General Meeting called for the purpose by three-fourths vote of those present and entitled to vote, provided that:
- (1)** No later than 14 days before the meeting, a written notice of the meeting is sent to members by post, email, other electronic means, publication on the Credit Union's website, or available at its Offices during regular hours of operation; and
 - (2)** All notices of meetings shall also be published or aired in the local media no later than 14 days before the meeting.
- B.** Each form of communication listed in these Rules shall independently constitute valid communication to members of the notice of the meeting and the proposed amended Rules.
- C.** No amendment to these Rules shall become operative until it has been approved by the Registrar or duly authorised body in accordance with the Act.

SPECIAL BYE-LAWS

- 44. A.** The Board of Directors shall have power to make Special Bye-Laws consistent with the provisions of the Act, Regulations, and these Rules, for the proper conduct of the business of the Credit Union as from time to time may seem necessary to them. No such Bye-Laws shall, however, be valid until they are approved by the Registrar or duly authorised body.
- B.** The Credit Union shall keep a book containing all such Bye-Laws to be kept open at all times for inspection by members, or any person authorised by the Registrar or duly authorised body.

VOLUNTARY DISSOLUTION

- 45.** The Credit Union may be dissolved by the consent of three-fourths of its members, but only in the manner provided by law.