

1 Introduction

Members are asked to approve the following changes to of the Scotwest Credit Union Rule Book.

The proposed changes are noted below with proposed additions noted in “green” and proposed deletions struck through in “red”.

2 Proposed Rule Changes

Common Bond

Rule 10.5 – amendments to our named employers in line with our marketing strategy and to incorporate changes in business names.

Membership

Rule 20.4 – the age to attain full membership to reduce from 18 years to 16 years. .

Rule 20.6 – the title ‘Junior Savers’ to be changed to ‘Juvenile Depositors’ to bring us into line with the regulatory definition.

Rule 20.7 – this rule, pertaining to ‘Young Members’, should be removed completely as a result of the change proposed in **Rule 20.4**.

Rule 20.8 onwards – as a result of the proposed deletion of Rule **20.7**, subsequent rules have been re-numbered accordingly. These changes are not listed individually in this document.

Rule 20.12 – additional wording to allow for the immediate expulsion of a member where they have committed fraud or attempted to commit fraud.

Rule 20.14 – additional wording added to clarify that a member with an outstanding liability to Scotwest will not be expelled due to dormancy.

Other – as a result of the proposed changes, all references made to ‘Young Members’ will be deleted and all references made to ‘Junior Savers’ will be amended to ‘Juvenile Depositors’. These have not been noted individually within this document.

3 Common Bond

Rule 10.5 Named Employers

| Current Rule | Proposed Rule |
|---|--|
| <p>10.5 Named Employers</p> <ul style="list-style-type: none"> • Albert Bartlett & Sons (Airdrie) Ltd • AG Barr Plc • Amey • Amor Group Ltd • Barr Holdings Ltd • Barrhead Travel Service Ltd • British Polythene Industries • Call Direct • Citizens Advice Direct • City Refrigeration Holdings (UK) Ltd • ClinTec International Ltd • Coca Cola Enterprises East Kilbride • Cube Housing Association • Doosan Power Systems Ltd • First Milk Ltd • JR Dalziel (Holdings) Ltd • Kent Foods Ltd • Macfarlane Group Plc • Maclay Murray & Spens LLP • Malcolm Group Ltd • McCurrach Group Ltd • RJ McLeod (Contractors) Ltd • SSE Plc • Saltire Facilities Management • Scottish Children’s Reporter Administration • Scottish Enterprise • Scottish Water • Search Consultancy Ltd • Snowfactor • Scottish Fire and Rescue Service • The Town House Collection • Turner & Co (Glasgow) Ltd • University of Glasgow • Weir Group PLC • William Tracey Ltd | <p>10.5 Named Employers</p> <ul style="list-style-type: none"> • Call Direct 1 Call Direct Limited • Aberdeen International Airport Limited • Aberlour Childcare Trust • Action for Children • Addaction • Advanced Group (Scotland) Ltd • The Advisory Group • Affinity Trust • AG Barr Plc • AGS Airports • Albert Bartlett & Sons (Airdrie) Ltd • Alzheimer Scotland – Action on Dementia • Amey • Arnold Clark • Barnardos • Barr Holdings Ltd • Barrhead Travel Service Ltd • Bield Housing & Care • Blackwood Homes and Care • Blazing Griffin • Blue Triangle (Glasgow) Housing Association • Limited • British Polythene Industries • The British Red Cross Society • C-Change Scotland • Capability Scotland • Carr Gomm • Children 1st • Citizens Advice Direct • City Refrigeration Holdings (UK) Ltd • ClinTec International Limited • Clark Contracts • Coca Cola Enterprises East Kilbride • Community Integrated Care • Cornerstone Community Care • Cosgrove Care Ltd • Crossreach • Crossroads Caring Scotland • Cube Housing Association • JR Dalziel (Holdings) Ltd Dalziel Ltd • Deafblind Scotland • Maclay, Murray & Spens LLP Dentons |

3 Common Bond

Rule 10.5 Named Employers (cont)

| Current Rule | Proposed Rule |
|------------------------------------|---|
| <p>10.5 Named Employers</p> | <p>10.5 Named Employers cont</p> <ul style="list-style-type: none"> • Down's Syndrome Scotland • Enable Scotland • First Milk Ltd • Glasgow Airport • Includem • Kent Foods Ltd • Key Housing Association Limited • Armor Group Lockheed Martin • Macfarlane Group Plc • Mackenzie Construction • Malcolm Group Ltd • McCurrach Group Ltd • McQueens Dairies • Morgan Sindall • The National Autistic Society • National Deaf Children's Society • National Society for the Prevention of Cruelty to Children • SSE nPower • Neighbourhood Networks • Penumbra • Phoenix House • Quarriers • Real Life Options • Richmond Fellowship Scotland Ltd • RJ McLeod (Contractors) Ltd • Sacro • Saltire Facilities Management • Scottish Association for Mental Health • Scottish Autism • Scottish Children's Reporter Administration • Scottish Enterprise • Scottish War Blinded • Scottish Water • Seamab • Search Consultancy Ltd • Sense Scotland • Simon Community Scotland • Skills Development Scotland |

3 Common Bond

Rule 10.5 Named Employers (cont)

| Current Rule | Proposed Rule |
|------------------------------------|--|
| <p>10.5 Named Employers</p> | <p>10.5 Named Employers cont</p> <ul style="list-style-type: none"> • Slater Menswear • Snowfactor • Scottish Fire and Rescue Service • Thistle Foundation • The Town House Collection • Trust Housing Association Ltd • Turner & Co (Glasgow) Ltd • Turning Point Scotland • University of Glasgow • University of West of Scotland • Weir Group PLC • Who Cares? Scotland • William Tracey Ltd • Woodward International, Inc |

4 Membership

Rule 20.4 Minimum Age for Membership

| Current Rule | Proposed Rule |
|---|---|
| <p>20.4 Minimum Age for Membership</p> <p>The minimum age for membership is 18.</p> <p>In keeping with its objects, the Credit Union also has Junior Savers and Young Members as per Rules 20.6 and 20.7 respectively.</p> | <p>20.4 Minimum Age for Membership</p> <p>The minimum age for membership is 18. 16 years</p> <p>In keeping with its objects, the Credit Union also has Juvenile Depositors Junior Savers and Young Members as per Rules 20.6 and 20.7 respectively.</p> |

5 Membership Rule 20.7 Young Members

| Current Rule | Proposed Rule |
|---|--|
| <p>20.7 Young Members</p> <p>Young Members are savers who are aged 16 and 17. They are not “Members” of the Credit Union as defined by Rule 20.3, do not hold shares in the Credit Union and do not share in the risks and rewards of ownership but must satisfy the Common Bond criteria for Membership as defined by 10.4.</p> <p>Young Members receive interest on their deposits at a rate as determined from time to time by the Board of Directors.</p> <p>Young Members cannot apply for a loan.</p> <p>Young Members are permitted to attend General Meetings although they are not allowed to address the meeting or vote.</p> <p>On reaching 18, Young Members automatically convert to full Members provided that they still satisfy the Common Bond criteria for Membership.</p> | <p>20.7 Young Members</p> <p>Young Members are savers who are aged 16 and 17. They are not “Members” of the Credit Union as defined by Rule 20.3, do not hold shares in the Credit Union and do not share in the risks and rewards of ownership but must satisfy the Common Bond criteria for Membership as defined by 10.4.</p> <p>Young Members receive interest on their deposits at a rate as determined from time to time by the Board of Directors.</p> <p>Young Members cannot apply for a loan.</p> <p>Young Members are permitted to attend General Meetings although they are not allowed to address the meeting or vote.</p> <p>On reaching 18, Young Members automatically convert to full Members provided that they still satisfy the Common Bond criteria for Membership.</p> |

5 Membership Rule 20.12 Expulsion and Suspension from Membership

| Current Rule | Proposed Rule |
|---|--|
| <p data-bbox="199 353 662 421">20.12 Expulsion and Suspension from Membership</p> <p data-bbox="199 461 770 633">A Member, Young Member or Junior Saver may be suspended, and subsequently expelled, from the Credit Union for any grave and sufficient reason including, but not limited to, the following:</p> <ul data-bbox="199 674 770 1792" style="list-style-type: none"> • Wilful breach of, or refusal to comply with, the Rules; • Divulging confidential information obtained by virtue of being a Member, Young Member or Junior Saver in whatever capacity, of the Credit Union; • Deceiving the Credit Union with regard to the purpose of money borrowed or its subsequent use; • Default and continued refusal to honour a debt (the loan repayment terms of which had been agreed in a signed loan agreement); • Maliciously and knowingly spreading incorrect reports about the management of the Credit Union; • Wilfully making any entry, or error in, or omission from any system, record or return of the Credit Union with the intent to falsify it; • Actively working against the interests of the Credit Union and/or its membership; • Using the Credit Union as a vehicle for committing an offence under the Money Laundering Regulations 2007 or any subsequent legislation; • Committing an offence of dishonesty against the Credit Union, wilfully destroying or damaging records or other property of the Credit Union, or knowingly passing forged papers through the Credit Union; | <p data-bbox="817 353 1272 421">20.11 Expulsion and Suspension from Membership</p> <p data-bbox="817 461 1390 633">A Member, Young Member or Junior Saver may be suspended, and subsequently expelled, from the Credit Union for any grave and sufficient reason including, but not limited to, the following:</p> <ul data-bbox="817 674 1390 1792" style="list-style-type: none"> • Wilful breach of, or refusal to comply with, the Rules; • Divulging confidential information obtained by virtue of being a Member, Young Member or Junior Saver in whatever capacity, of the Credit Union; • Deceiving the Credit Union with regard to the purpose of money borrowed or its subsequent use; • Default and continued refusal to honour a debt (the loan repayment terms of which had been agreed in a signed loan agreement); • Maliciously and knowingly spreading incorrect reports about the management of the Credit Union; • Wilfully making any entry, or error in, or omission from any system, record or return of the Credit Union with the intent to falsify it; • Actively working against the interests of the Credit Union and/or its membership; • Using the Credit Union as a vehicle for committing an offence under the Money Laundering Regulations 2007 or any subsequent legislation; • Committing an offence of dishonesty against the Credit Union, wilfully destroying or damaging records or other property of the Credit Union, or knowingly passing forged papers through the Credit Union; |

5 Membership Rule 20.11 Expulsion and Suspension from Membership (cont)

| Current Rule | Proposed Rule |
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| <p data-bbox="199 344 662 412">20.12 Expulsion and Suspension from Membership</p> <ul data-bbox="181 454 774 840" style="list-style-type: none"> <li data-bbox="181 454 774 768">• If, after admission as a Member, Young Member or Junior Saver of the Credit Union, their application form is found to include wilfully false or misleading information or any defect is discovered in their qualification for membership at the time of their admission which in the opinion of the Board of Directors is of such consequence as to justify expulsion; <li data-bbox="181 775 774 840">• Abusive behaviour towards the staff or volunteers of the Credit Union. <p data-bbox="199 882 774 1088">Where such a grave and sufficient reason (as above) is suspected The Board of Directors, by resolution at a Board Meeting, will commission the Chief Executive to appoint an investigating officer to carry out an investigation into the matter.</p> <p data-bbox="199 1131 774 1375">Within 5 working days of their decision, the Board of Directors will write to the Member, Young Member or Junior Saver informing them of the investigation. Members will also be advised whether or not their membership has been suspended pending the outcome of said investigation.</p> <p data-bbox="199 1417 774 1839">Where membership is suspended, the Member temporarily loses their rights to attend, speak and vote at a General Meeting as well as their right to apply for or be granted any loans. Where the suspended Member is a Director or performs some other voluntary role within the Credit Union they will also be suspended from those duties. Where the suspended Member is an employee of the Credit Union consideration will be given to whether it is appropriate to carry out an investigation under the Credit Union's staff Disciplinary Policy.</p> | <p data-bbox="817 344 1272 412">20.11 Expulsion and Suspension from Membership</p> <ul data-bbox="799 454 1391 840" style="list-style-type: none"> <li data-bbox="799 454 1391 768">• If, after admission as a Member, Young Member or Junior Saver of the Credit Union, their application form is found to include wilfully false or misleading information or any defect is discovered in their qualification for membership at the time of their admission which in the opinion of the Board of Directors is of such consequence as to justify expulsion; <li data-bbox="799 775 1391 840">• Abusive behaviour towards the staff or volunteers of the Credit Union. <p data-bbox="817 882 1391 1088">Where such a grave and sufficient reason (as above) is suspected The Board of Directors, by resolution at a Board Meeting, will commission the Chief Executive to appoint an investigating officer to carry out an investigation into the matter.</p> <p data-bbox="817 1131 1391 1375">Within 5 working days of their decision, the Board of Directors will write to the Member, Young Member or Junior Saver informing them of the investigation. Members will also be advised whether or not their membership has been suspended pending the outcome of said investigation.</p> <p data-bbox="817 1417 1391 1839">Where membership is suspended, the Member temporarily loses their rights to attend, speak and vote at a General Meeting as well as their right to apply for or be granted any loans. Where the suspended Member is a Director or performs some other voluntary role within the Credit Union they will also be suspended from those duties. Where the suspended Member is an employee of the Credit Union consideration will be given to whether it is appropriate to carry out an investigation under the Credit Union's staff Disciplinary Policy.</p> |

5 Membership Rule 20.11 Expulsion and Suspension from Membership (cont)

| Current Rule | Proposed Rule |
|---|---|
| <p>20.12 Expulsion and Suspension from Membership</p> <p>The investigation will provide the Member, Young Member or Junior Saver with a reasonable opportunity to address the allegation with the investigating officer. Failure of the individual to engage with this opportunity or to do so timeously will not prevent the investigation either proceeding or reaching a conclusion based on the evidence available.</p> <p>The results of the investigation will be presented to the Board of Directors at a duly convened meeting and, following a vote, they will pass a resolution which will be limited to the following:</p> <ul style="list-style-type: none"> • Dismissal of the allegation and, where appropriate, lifting of any suspension; or • Acceptance of the allegation and application of the sanction of either (a) expulsion from membership (either permanently or for a specified period of time) or (b) suspension of membership (for a stated period of time); and • Whether the wrong doing requires to be reported to an external body (e.g. The Police). <p>Within 5 working days of their decision, the Board of Directors will write to the Member, Young Member or Junior Saver informing them of the outcome of the investigation and, where appropriate, the sanctions applied. The letter will also provide the Member with details of the appeal process and confirmation that the sanctions applied will not become effective until 30 days after the date of posting letter or until the result of any appeal, if any, whichever is the later, during which period the Member will be suspended. (In the case of Young Members or Junior Savers, the decision of the Board of Directors is final and there is no right of appeal.)</p> | <p>20.11 Expulsion and Suspension from Membership</p> <p>The investigation will provide the Member, Young Member or Junior Saver with a reasonable opportunity to address the allegation with the investigating officer. Failure of the individual to engage with this opportunity or to do so timeously will not prevent the investigation either proceeding or reaching a conclusion based on the evidence available.</p> <p>The results of the investigation will be presented to the Board of Directors at a duly convened meeting and, following a vote, they will pass a resolution which will be limited to the following:</p> <ul style="list-style-type: none"> • Dismissal of the allegation and, where appropriate, lifting of any suspension; or • Acceptance of the allegation and application of the sanction of either (a) expulsion from membership (either permanently or for a specified period of time) or (b) suspension of membership (for a stated period of time); and • Whether the wrong doing requires to be reported to an external body (e.g. The Police). <p>Within 5 working days of their decision, the Board of Directors will write to the Member, Young Member or Junior Saver informing them of the outcome of the investigation and, where appropriate, the sanctions applied. The letter will also provide the Member with details of the appeal process and confirmation that the sanctions applied will not become effective until 30 days after the date of posting letter or until the result of any appeal, if any, whichever is the later, during which period the Member will be suspended. (In the case of Young Members or Junior Savers, the decision of the Board of Directors is final and there is no right of appeal.)</p> |

5 Membership Rule 20.11 Expulsion and Suspension from Membership (cont)

| Current Rule | Proposed Rule |
|---|--|
| <p>20.12 Expulsion and Suspension from Membership</p> <p>Upon receipt of the letter, the Member will have 14 days in which to register that they wish to appeal the decision. If they do so, the appeal will be held at a specially convened meeting of the Board of Directors at which the Member will be entitled to attend and be heard. At the conclusion of the appeal there will be a vote and the Board will pass resolution either:</p> <ul style="list-style-type: none"> • Overturning the original decision and sanctions; • Upholding the original decision but amending the sanctions; or • Upholding the original decision and sanctions. <p>This decision is final and there is no further appeal process.</p> | <p>20.11 Expulsion and Suspension from Membership</p> <p>Upon receipt of the letter, the Member will have 14 days in which to register that they wish to appeal the decision. If they do so, the appeal will be held at a specially convened meeting of the Board of Directors at which the Member will be entitled to attend and be heard. At the conclusion of the appeal there will be a vote and the Board will pass resolution either:</p> <ul style="list-style-type: none"> • Overturning the original decision and sanctions; • Upholding the original decision but amending the sanctions; or • Upholding the original decision and sanctions. <p>This decision is final and there is no further appeal process.</p> <p>Members who have either defrauded or attempted to defraud the credit union may be summarily expelled from the credit union without recourse to appeal. The Board will maintain policies and procedures to invoke that provision.</p> <p>Ex-members who have either defrauded, attempted to defraud or who have an outstanding liability to the credit union, may be prohibited from re-joining the credit union without recourse to appeal. The Board will maintain policies and procedures to invoke that provision.</p> |

4 Membership Rule 20.14 Dormancy

| Current Rule | Proposed Rule |
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| <p>20.14 Dormancy</p> <p>A share account may become dormant where there have been no Member initiated transactions for the defined dormancy period and the balance of the account is below the defined dormancy threshold for that account type.</p> <p>Where an account has become dormant, the Credit Union will make a reasonable effort to inform the Member of this fact. In circumstances, however, where the Member has another active share or loan account, the dormant account will be reactivated without Member contact.</p> <p>At any time an active Member may reactivate their dormant account by carrying out a member initiated transaction on the account.</p> <p>Should, after a period of six weeks, the account remains dormant and there are no other active share or loan accounts and the aggregate balance of the share accounts is less than £50, the Membership shall be declared Dormant and an annual administration fee, at a level as agreed by the Board of Directors, shall be charged.</p> <p>Where a membership has been declared Dormant, the Board of Directors shall have the discretion to:</p> <ul style="list-style-type: none"> • Hold any monies within the account(s) of such Member in a suspense account pending the Member's subsequent withdrawal of their money, or reactivation of his/her Membership; and/or • Expel the Member from Membership of the Credit Union | <p>20.13 Dormancy</p> <p>A share account may become dormant where there have been no Member initiated transactions for the defined dormancy period and the balance of the account is below the defined dormancy threshold for that account type.</p> <p>Where an account has become dormant, the Credit Union will make a reasonable effort to inform the Member of this fact. In circumstances, however, where the Member has another active share or loan account, the dormant account will be reactivated without Member contact.</p> <p>At any time an active Member may reactivate their dormant account by carrying out a member initiated transaction on the account.</p> <p>Should, after a period of six weeks, the account remains dormant and there are no other active share or loan accounts and the aggregate balance of the share accounts is less than £50, the Membership shall be declared Dormant and an annual administration fee, at a level as agreed by the Board of Directors, shall be charged.</p> <p>Where a membership has been declared Dormant, the Board of Directors shall have the discretion to:</p> <ul style="list-style-type: none"> • Hold any monies within the account(s) of such Member in a suspense account pending the Member's subsequent withdrawal of their money, or reactivation of his/her Membership; and/or • Expel the Member from Membership of the Credit Union |

| Current Rule | Proposed Rule |
|---|---|
| <p>20.14 Dormancy</p> <p>The application of annual administration fees shall not reduce the aggregate balance on Members' share account(s) to less than £1 in order to ensure that Membership is not terminated by virtue of the application of administration fees alone.</p> <p>If a Member is to be expelled, a notice of expulsion shall be issued in writing, to the last known address, giving 30 days notice. The notice of expulsion shall contain information on how to appeal.</p> <p>Upon receipt of the notice, the Member will have 14 days in which to register that they wish to appeal the decision. If they do so, the appeal will be held within 60 days at a meeting of the Board of Directors at which the Member will be entitled to attend and be heard. At the conclusion of the appeal there will be a vote and the Board will pass a resolution either:</p> <ul style="list-style-type: none"> • Overturning the original decision; or • Upholding the original decision. <p>This decision is final and there is no further appeal process.</p> | <p>20.13 Dormancy</p> <p>A member will not normally be expelled through dormancy if they have an outstanding liability to the Credit Union.</p> <p>The application of annual administration fees shall not reduce the aggregate balance on Members' share account(s) to less than £1 in order to ensure that Membership is not terminated by virtue of the application of administration fees alone.</p> <p>If a Member is to be expelled, a notice of expulsion shall be issued in writing, to the last known address, giving 30 days notice. The notice of expulsion shall contain information on how to appeal.</p> <p>Upon receipt of the notice, the Member will have 14 days in which to register that they wish to appeal the decision. If they do so, the appeal will be held within 60 days at a meeting of the Board of Directors at which the Member will be entitled to attend and be heard. At the conclusion of the appeal there will be a vote and the Board will pass a resolution either:</p> <ul style="list-style-type: none"> • Overturning the original decision; or • Upholding the original decision. <p>This decision is final and there is no further appeal process.</p> |