



SCOTWEST CREDIT UNION LIMITED

RULE BOOK

(REGISTRATION NUMBER 213616)

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10 Scotwest Credit Union

10.1 Name

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

10.2 Registered Office

The registered office of the Credit Union shall be at 13 Elmbank Street, Glasgow, G2 4PB or such other place as may from time to time be determined by the Board of Directors and registered with the Relevant Authorities.

10.3 Legal Status

The Credit Union is a Member owned financial institution which is incorporated under The Co-Operative and Community Benefit Societies Act 2014.

The Credit Union is authorised by the Prudential Regulation Authority and is regulated by the Prudential Regulation Authority and the Financial Conduct Authority (the “Relevant Authorities”): Firm Reference Number 213616.

The Credit Union has part 4A Permission to accept deposits under The Financial Services and Markets Act 2000.

Deposits held by the Credit Union are protected by the Financial Services Compensation Scheme (see rule 70.6).

The Board of Directors shall be responsible for ensuring that the Credit Union applies for, obtains and maintains all necessary permissions to operate legally as a credit union.

10.4 The Common Bond

Membership of the Credit Union is not open to the general public. The Credit Union must have a Common Bond which all of its members and potential members have in common and which is approved by the Relevant Authorities.

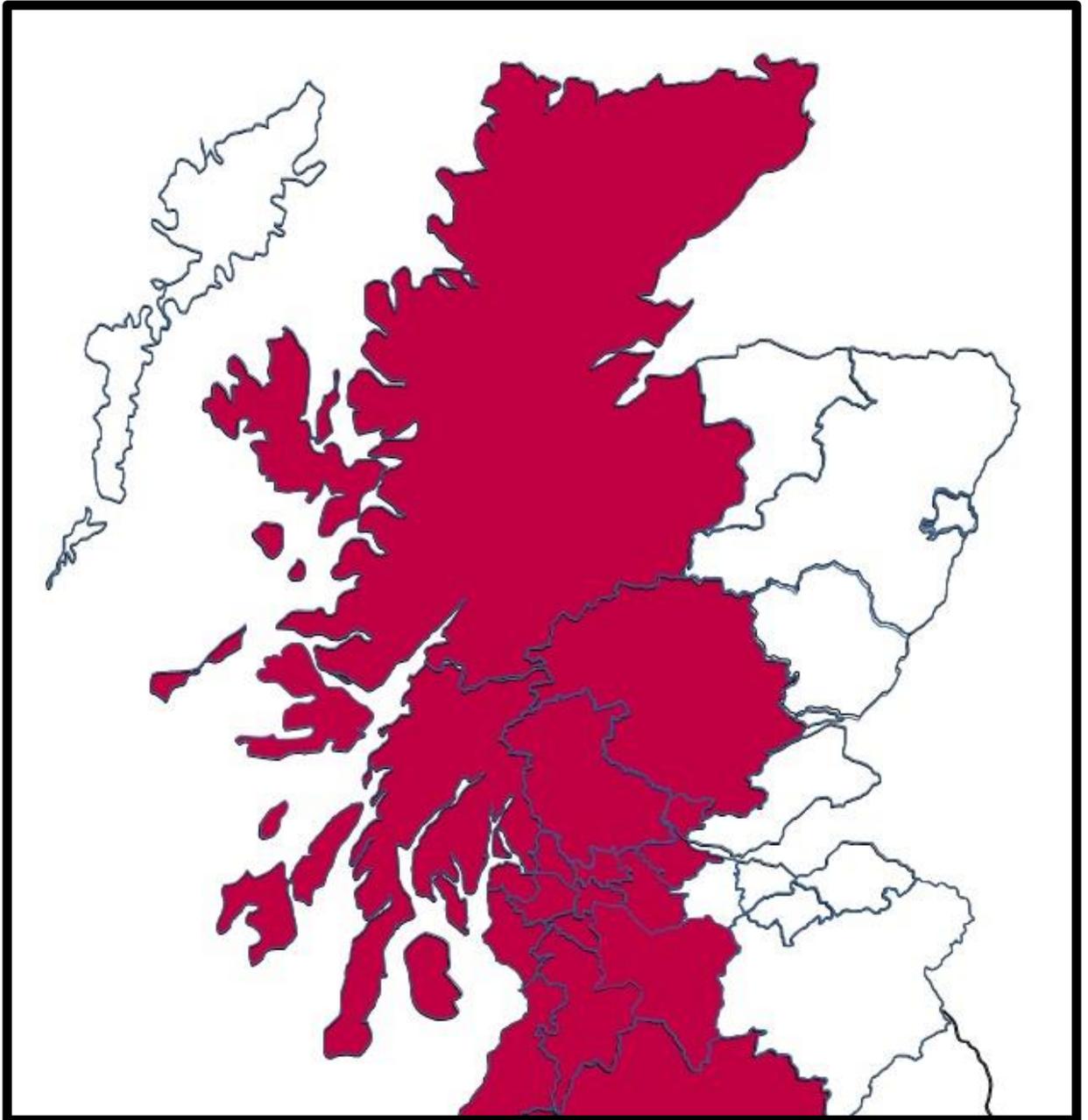
Accordingly, admission to membership is restricted to persons who fall within a Common Bond appropriate to a Credit Union as follows:-

i) Being employed by a particular employer:

An individual who is employed by one of the employers as listed in Rule 10.5.

ii) Residing or being employed in a particular locality:

a) An individual who resides or is employed in the locality of ‘The West of Scotland, Stirling, Falkirk, Clackmannanshire, Perth and Kinross, Dumfries and Galloway and the Scottish Highlands’ as defined per Rule 10.6 and as delineated by the attached map.



b) A corporate body, an individual in his/her capacity as a partner in a partnership, an individual in his/her capacity as an officer or a member of the governing body of an unincorporated association, if the body corporate, partnership or unincorporated association has a place of business in the above locality.

- iii) **Being a member of a bona fide organisation or being otherwise associated with other members of the society for a purpose other than that of forming a society to be registered as a Credit Union.**

An individual who is a member of a bona fide organisation as listed in rule 10.7.

10.5 Named Employers

The named employers are:

- Aberdeen International Airport Limited
- Abertay Housing Association Ltd
- Advance Construction Scotland
- Advanced Procurement for Universities and Colleges (APUC)
- AG Barr Plc
- Agility Bookkeeping
- AGS Airports
- Albert Bartlett & Sons (Airdrie) Ltd
- Allied Vehicles Group
- Altrad Babcock
- Amey
- Ark Housing Association Ltd
- Arnold Clark
- ARUP
- Ashurst
- Barr Holdings Ltd
- Barrhead Travel Service Ltd
- Bield Housing & Care
- Blackwood Homes and Care
- Blazing Griffin
- Blue Triangle (Glasgow) Housing Association Limited
- Berry / bpi
- Cairn Housing Association Ltd
- Caledonia Housing Association Ltd
- Care Visions Children's Services
- Citizens Advice Direct
- City Refrigeration Holdings (UK) Ltd
- Clark Contracts
- Common Thread
- Community Renewal
- Creditfix
- Cube Housing Association
- Dalziel Ltd
- Dentons
- Doosan Digital Innovation Europe
- Enva
- First Milk Ltd
- Forth Valley College
- Glasgow Airport
- Grahams Family Dairy
- Hanover (Scotland) Housing Association Ltd
- The Hillcrest Group Ltd
- Hochtief
- **I & H Brown Limited**

- IQVIA Inc
- **KeepSafe Storage**
- Kent Foods Ltd
- Kingdom Housing Association Ltd
- Link Group Ltd
- Little Stars Nurseries
- Mabbett & Associates
- Macfarlane Group Plc
- Mackenzie Construction
- Malcolm Group Ltd
- McCurrach Group Ltd
- McQueens Dairies
- Morgan Sindall
- **Morris Leslie Ltd**
- Morrison Construction
- nPower
- Peacock Salt
- Penumbra
- Phoenix House
- Real Life Options
- Regal Gaming
- Remploy
- RJ McLeod (Contractors) Ltd
- Robertson Homes
- Rock Compliance Limited
- Sacro
- Saltire Facilities Management
- The Scottish Government
- Scottish Children's Reporter Administration
- Scottish Enterprise
- Scottish Power
- Scottish Water
- Search Consultancy Ltd
- Simon Community Scotland
- Skills Development Scotland
- SMS plc
- South of Scotland Enterprise
- Scottish Fire and Rescue Service
- Scottish Sea Farms
- **Sidley Ltd**
- SRS Care Solutions
- SSE
- Star Refrigeration Ltd
- **Sterling Furniture Ltd**
- Strathclyde University
- Tayside Contracts
- Terumo Aortic
- Turner & Co (Glasgow) Ltd

- University of Glasgow
- University of the Highlands and Islands
- University of West of Scotland
- VASCUTEK LTD
- Volunteer Development Scotland Ltd
- Weir Group PLC
- Wheatley Group
- The Wise Group
- Woodward International, Inc

10.6 Locality ~~The West of Scotland, Stirling, Falkirk, Clackmannanshire, Perth and Kinross, Dumfries and Galloway and the Scottish Highlands~~

'The West of Scotland, Stirling, Falkirk, Clackmannanshire, Perth and Kinross, Dumfries and Galloway and the Scottish Highlands' is defined as the locality comprising the following **eighteen** ~~sixteen~~ unitary local authorities as defined in Schedule 1 of the Local Government etc. (Scotland) Act 1994 (c39) or their successor organisation(s) by statute:

- Argyll and Bute
- City of Glasgow
- Clackmannanshire
- Dumfries and Galloway
- East Ayrshire
- East Dunbartonshire
- East Renfrewshire
- Falkirk
- Highland
- Inverclyde
- North Ayrshire
- North Lanarkshire
- Perth and Kinross
- Renfrewshire
- Stirling
- South Ayrshire
- South Lanarkshire
- West Dunbartonshire

10.7 Bona Fide Organisations

The named organisations are:

- Young Scot

10.8 Objects

The objects of the Credit Union shall be:

- The promotion of thrift among its Members by the accumulation of their savings;

- The creation of sources of credit for the benefit of its Members at a fair and reasonable rate of interest;
- The use and control of Members savings for their mutual benefit;
- The training and education of Members in the wise use of money and in the management of their financial affairs; and
- To carry on one or more of the financial activities specified in section 1ZA(1) of the Credit Unions Act 1979 for the benefit of the members of the society.

The Credit Union may, by resolution of its Board of Directors, adopt additional social goals within its policies, provided that these social goals contribute to the social or economic development of the community within the Common Bond area.

10.9 Powers

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

10.10 Dissolution

The Credit Union may be dissolved:

- On its being wound up in pursuance of an order or resolution made as is directed in regard to companies by the Insolvency Act 1986;
- In accordance with Section 55(B) of the Act, by an instrument of dissolution:
 - i) to which not less than three fourths the Members of the Credit Union have given their consent testified by their signatures to the instrument; or
 - ii) which has been approved by a special resolution of the Credit Union sent to and confirmed by the Registrar.

If on the dissolution of the Credit Union there remains after the payment of debts, repayment of share capital, discharge of all other liabilities, repayment of Deferred Shareholdings and payment of any dividend (Rule 90.5) any surplus assets whatsoever, such assets shall not be paid or distributed among the Members of the Credit Union but shall be:

- Transferred to another Credit Union; or
- If not so transferred, applied for charitable purposes as may be determined by the Members of the Credit Union in General Meeting.

10.11 Availability of Rules

A copy of these Rules and any amendments made to them shall be available on the Credit Union's website.

Upon admission to membership of new Members without access to the internet, a hardcopy shall be made available free of charge, on request.

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

10.12 Amendments to Rules

Version: Approved AGM Dec 2024 / Approved FCA – 27 March 2025

Any of these Rules may be rescinded or altered or any new Rule may be made by a resolution passed by not less than two-thirds of the Members present at a General Meeting, after giving the requisite notice under these Rules.

Any Member of the Credit Union may, before the first day of August in any year, propose an amendment to the Rules by serving notice of the proposed amendment to the Board of Directors.

Where the Directors deem the proposed change competent they must incorporate it in the agenda of the next General Meeting of the Credit Union for a vote by the Membership (in accordance with the procedures noted above).

Where the Directors do not consider the proposed amendment to be competent they must table their decision and the reasons for it at the next General Meeting, whereon the Member who proposed the change (and only that Member) may call for a vote (indicated by a majority of those present) on the validity of the Board's decision.

Where the vote is in favour of the Board's decision, the matter is closed. Where the vote is against the Board's decision, a General Meeting of the Credit Union will be held within 3 months and the proposed amendment must be incorporated in the agenda of that meeting for a vote by the Membership (in accordance with the procedures noted above).

No amendment of Rules shall be valid until registered with the Regulator.

20 Membership

20.1 Status of Membership

The Credit Union is a mutually owned financial institution. The Credit Union is owned by its members who, on a one-member-one-vote basis, have a say in the running of the business (Rule 30.1) and who share in the risks and rewards of ownership (Rule 20.2)

20.2 Risks and Rewards of Ownership

Deposits made with the Credit Union are in the form of shares (Rule 70.1). As these shares represent the business' capital as provided by the business' owners then, with the exception of interest bearing shares (Rule 70.3), there is no guaranteed or fixed return on these deposits. Instead the owners of the business share in the allocation of the surpluses generated by the business (Rule 90.1).

Member's deposits held by the Credit Union are protected by the Financial Services Compensation Scheme (see rule 70.6) and, subject to any limits within that scheme, Members have no liability on the dissolution of the Credit Union.

20.3 Admission to Membership

Admission to membership is restricted to those who fall within the Credit Union's Common Bond as per Rule 10.4

No applicant shall be admitted into membership of the Credit Union unless the applicant:

- fulfils the criteria for membership (including the minimum age); and

- accepts the risks and rewards of ownership; and
- has submitted an application for membership in a form accepted by the Board of Directors and the Board has approved the application using delegated procedures as agreed by the Board from time to time; and
- has provided sufficient evidence to prove his/her identity (and proof of incorporation if a corporate body) and address as required to comply with all relevant laws, regulations and operating procedures established in respect of money laundering prevention; and
- supports the objects and social goals of the Credit Union; and
- has paid such joining fee applicable at time of joining. The amount of this fee shall be determined by the Board of Directors from time to time and may be increased in order to cover reasonable administrative costs of membership, but will be capped in line with the Regulator's Policy. The Board of Directors may also decide to waive applying the fee at any time; and
- agrees to pay any annual administrative fee that may be determined by the Board of Directors from time to time and may be increased in order to cover reasonable administrative costs of membership, but will be capped in line with the Regulator's Policy. The Board of Directors may also decide to waive applying the fee at any time.

Members who are admitted through the fulfilment of the above are referred to as Directly Qualifying Members.

20.4 Minimum Age for Membership

The minimum age for membership is 16 years.

In keeping with its objects, the Credit Union also has Juvenile Depositors as per Rules 20.6.

20.5 Corporate Members

The Board may admit to membership of the Credit Union:

- An individual in his/her capacity as a nominee of an unincorporated organisation or partnership which meets the Common Bond qualifications, and
- Any named corporate body which meets the Common Bond qualifications.

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

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

The Board of Directors shall ensure that at all times the number of Corporate Members in membership of the Credit Union does not exceed 10% (or such other higher amount as prescribed by law) of the total number of members of the Credit Union. Where the number of Corporate Members exceeds 10% (or such other higher amount as prescribed by law) of the total number of members, the Board of Directors has the authority to terminate the membership of any number of Corporate Members in order to reduce the number as required (The Corporate Members selected for termination of membership being determined by the Board of Directors in a manner which they consider appropriate at the time).

Corporate members have no entitlement to either a seat on or representation on the Board of Directors. The appointed representative of a corporate member, if they are a member in their own right, may stand for election to the Board of Directors but do so only as an individual representing all of the Membership (see Rule 60.2).

20.6 Juvenile Depositors

Juvenile Depositors are account holders who are under the age of 16. They must satisfy the Common Bond requirements, as per Rule 10.4, however, 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.

Juvenile Depositors receive interest on their deposits at a rate as determined from time to time by the Board of Directors.

Juvenile Depositors cannot apply for a loan, do not have a say in the running of the business and are not permitted to attend General Meetings.

On reaching 16, Juvenile Depositors may, if they satisfy the criteria for Membership, apply to become Members of the Credit Union.

20.7 Non Qualifying Members

A member who ceases to fulfil the qualification for Membership, as per Rule 20.3, shall cease to be a Directly Qualifying Member of the Credit Union and will become a Non Qualifying Member instead.

A Non Qualifying Member may retain their membership and voting rights in the Credit Union, and continue to acquire shares and to receive loans subject to the provisions of these Rules.

20.8 Register of Members

The Credit Union shall maintain systems, at its registered office, which record the following details:

- The names and addresses of the Members. (In the case of a Corporate Member, it will include its registered office address or such other address as may be accepted by the Board of Directors); and
- The number of shares held by each Member, the amount paid on the shares of the Member and the date and manner in which any share ceased to be held by the Member; and
- A record of other property in the Credit Union, whether in loans or otherwise, held by the Member; and

- The date on which the Member was entered into Membership and the date at which any person ceased to be a Member; and
- The names and addresses of the Board of Directors (past and present) of the Credit Union with the offices held by them respectively and the dates on which they assumed, and vacated, said office.

The systems shall be so constructed in order that it is only possible for a Member to inspect the particulars pertaining to them without exposing the particulars of other Members entered therein.

The credit union will maintain a 'duplicate' register which is open to inspection by other Members and the public without exposing information recorded about Members' shares and other property in the society.

Apart from the provision of a duplicate register (above), the above information is not available for either public inspection or inspection by other members.

20.9 Cessation of Membership

A Member shall cease to be such if:

- Their membership is terminated in accordance with the Credit Union's Dormancy procedures (Rule 20.13); or
- They die or, if a corporate body, that body is wound up or goes into liquidation; or
- They are the representative of an unincorporated organisation or partnership which is wound up or goes into liquidation; or
- They are the representative of an unincorporated organisation or partnership which removes or replaces them as its representative provided the following are adhered to:
 - i) any loans held by the Member are repaid in full;
 - ii) any non-deferred shares held by the Member are repaid in full by the credit union;
 - iii) any deferred shares are transferred to another Member of the credit union in accordance with Rule 70.4 ; or

If the partnership or unincorporated organisation wishes to appoint another representative then that representative should make an application for Membership as per Rule 20.3; or

- By virtue of being a Corporate Member of the credit union who has been expelled in accordance with these Rules; or
- They voluntarily withdraw from the Credit Union in accordance with these Rules; or
- They are expelled by the Credit Union in accordance with these Rules.

Where membership ceases, the liability remains as per Rule 20.12

20.10 Withdrawal from Membership

A Member who does not have any outstanding liability to the Credit Union may voluntarily withdraw from membership of the Credit Union at any time by applying for, and receiving, their shareholding in the Credit Union; subject to any notification period in place as agreed from time to time by the Board of Directors.

Members with an outstanding liability to the Credit Union shall be required to settle their account prior to being permitted to withdraw from membership of the Credit Union.

In accordance with Rule 70.4, Members holding deferred shares shall not have the power to withdraw them. Repayment of any deferred shares shall be made in accordance with the relevant Issue Document.

Where a Member withdraws, the liability remains as per Rule ~~20.13~~ 20.12

20.11 Expulsion and Suspension from Membership

A Member or Juvenile Depositor may be suspended, and subsequently expelled, from the Credit Union for any grave and sufficient reason including, but not limited to, the following:

- Wilful breach of, or refusal to comply with, the Rules;
- Divulging confidential information obtained by virtue of being a Member or Juvenile Depositor 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, or being suspected of using, the Credit Union as a vehicle for committing an offence under the Money Laundering Regulations 2017 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;
- If, after admission as a Member or Juvenile Depositor 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;

- Abusive or aggressive behaviour towards the staff or volunteers of the Credit Union;
- ‘Trolling’ of the Credit Union, i.e. making inflammatory, insincere, digressive or off-topic communications directed toward the Credit Union, by any medium including by way of social media, e-mail, letter or verbally.

Where such a grave and sufficient reason (as above) is suspected, the Chief Executive will appoint an investigating officer to carry out an investigation into the matter and the Member or Juvenile Depositor will be notified of the investigation in writing. The Member will also be advised whether or not their membership has been temporarily suspended pending the outcome of the investigation.

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.

The investigation will provide the Member or Juvenile Depositor 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.

The results of the investigation will be presented to the Chief Executive and they will make a decision which will be limited to the following:

- 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).

Within 5 working days of their decision, the Chief Executive will write to the Member or Juvenile Depositor informing them of the outcome of the investigation and, where appropriate, the sanctions applied. The Member will be provided with details of the appeal process and confirmation that the sanctions applied will not become effective until 30 days after the date of posting the letter or until the result of any appeal (whichever is the later). During this period the Member will be suspended.

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 at a specially convened meeting at which the Chair of the Board, Vice Chair (or another **Elected** Director) and a member of the senior management team who has not previously been involved with the investigation will be present, and the Member will also be entitled to attend and be heard. At the conclusion of the appeal there will be a vote amongst the three Credit Union representatives in attendance (as outlined above) and they will pass resolution either:

- Overturning the original decision and sanctions;
- Upholding the original decision but amending the sanctions; or
- Upholding the original decision and sanctions.

This decision is final and there is no further appeal process. The decision will be communicated to the Board of Directors at the next full Board meeting.

At any time during the above process a Member may withdraw from Membership in accordance with Rule 20.10, and whilst this removes the ability of the Credit Union to apply sanctions, the Credit Union reserves the right to continue the investigation in order to determine whether the allegation was correct and whether it is of a nature which requires to be reported to an external body.

Where a Member is suspended or expelled, the liability remains as per Rule 20.12

Members may also be expelled through Dormancy as defined by rule 20.13.

Members may be summarily expelled from the Credit Union without recourse to appeal if they:

- Are known to have or are suspected to have used Scotwest to commit an act of Financial Crime; or
- Have been abusive, aggressive or acted inappropriately towards a member of staff.

20.12 Liability on Cessation, Withdrawal, Suspension or Expulsion

Cessation, withdrawal, suspension or expulsion of a Member from the Credit Union shall not relieve such Member from any liability which existed at the time of their cessation, withdrawal, suspension or expulsion.

The amount deposited by a Member who ceases, withdraws, is suspended or is expelled shall be paid to them as funds become available, but only after all monies owed by them to the Credit Union have been deducted.

Excluding any Member who is expelled through Dormancy (Rule 20.13), any amount due to a Member who ceases, withdraws, is suspended or is expelled shall be repaid within a period of less than 60 days beginning on the day following the expulsion or notice of withdrawal. No payment shall be paid to such a Member unless all of his/her liabilities to the Credit Union have been, or shall subsequently be, fully discharged.

20.13 Dormancy

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.

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.

At any time an active Member may reactivate their dormant account by carrying out a member initiated transaction on the account.

Should, after a period of six weeks, the account remain dormant and there are no other active share or loan accounts and the aggregate balance of the share accounts is less than £50.00, the Membership

shall be declared Dormant and an annual administration fee, at a level as agreed by the Board of Directors, shall be charged.

Where a membership has been declared Dormant, the Board of Directors shall have the discretion to:

- 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

A member will not normally be expelled through dormancy if they have an outstanding liability to the Credit Union.

The application of annual administration fees shall not reduce the aggregate balance on Members' share account(s) to less than £1.00 in order to ensure that Membership is not terminated by virtue of the application of administration fees alone.

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.

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 make a submission to represent themselves. At the conclusion of the appeal there will be a vote and the Board will pass resolution either:

- Overturning the original decision; or
- Upholding the original decision.

This decision is final and there is no further appeal process. The Board will write to the Member within 5 working days notifying them of the decision.

30 Governance

30.1 Governance Overview

The Credit Union is a co-operative, owned by its members and run for their mutual benefit. The Credit Union operates a three tier governance structure:

- Tier 1 – The Membership – There are matters reserved for decision by the Membership at General Meeting (Rule 30.2).
- Tier 2 - The Members elect from within the Membership a Board of Directors to oversee and monitor the Chief Executive on behalf of the Membership.
- Tier 3 - The Board of Directors appoint a Chief Executive Officer to manage and run the organisation on behalf of the Membership for their mutual benefit.

The Board of Directors is responsible for maintaining a Delegated Authority policy which provides for appropriate delegation within the framework of these rules and which clearly defines matters

reserved for the Membership, matters reserved for the Board of Directors and which clearly states that all non-reserved matters are delegated to the Chief Executive Officer.

30.2 Matters Reserved for the Membership

The following matters are reserved for decision by the Membership in the form of a General Meeting:

- The receipt of the annual accounts and reports of the Board and the auditor pertaining to them;
- Ratification of the appointment of an auditor;
- The election of Directors;
- Ratification of the application of the surplus;
- Changes to the Rule Book
- Ratification of a transfer of engagement from a credit union out with the existing common bond.

30.3 General Meetings

Member meetings of the Credit Union shall be either in the form of an Annual General Meeting or a Special General Meeting.

At least one General Meeting, in the form of an Annual General Meeting, will be held each year.

Every Member holding at least the minimum shareholding shall be entitled to attend such General Meetings on the production of such evidence as the Board of Directors may from time to time determine.

Each Member of the Credit Union shall hold one vote only irrespective of the size of their shareholding in the Credit Union or the number of accounts held.

The right to vote by a Member shall be held by:

- i. in the case of an individual Member, the individual;
- ii. in the case of an unincorporated association, the Designated Representative or Partner;
- iii. in the case of an incorporated body, the Corporate Representative.

A Member of the Credit Union may not vote by proxy at a General Meeting of the Credit Union.

A Member is able to exercise the right to speak and vote at a General Meeting of the Credit Union and is deemed to be in attendance when they and all those attending the meeting are in a position to communicate with each other, which may either be in person or remotely. Electronic voting is not permissible by members not attending the meeting.

Every General Meeting shall have a Chairperson, who shall be entitled to vote. Where the number of votes cast is equal the Chairperson shall also have a casting vote. The Chairperson of the Credit Union

shall, if present, take the Chair at general meetings. If the Chairperson is not present, the Vice-Chairperson shall do so and if they are not present then the members of the Board present at the meeting shall elect one from their number to do so.

No business shall be transacted at a General Meeting unless a quorum is present. A quorum shall be the lower of 10 per cent of the membership or 15 Members. If within half an hour after the time appointed for the meeting to commence a quorum is not present then the meeting, if convened upon the requisition of Members, shall be dissolved. In any other case the meeting shall be adjourned until a later date within 30 days of the meeting at which the adjournment took place. The Members present at a meeting so adjourned shall constitute a quorum; however, no business shall be transacted at such a meeting other than the business left unfinished at the meeting at which the adjournment took place.

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

30.4 Special General Meetings

Any General Meeting of the Credit Union other than an Annual General Meeting shall be a Special General Meeting.

A Special General Meeting shall not conduct any business other than that specified in the notice convening it.

A Special General Meeting may be called in one of three ways:

- The Board of Directors of the Credit Union may for good reason convene a Special General Meeting for any purposes including those not specifically provided for elsewhere in these Rules; or
- Upon an application, signed by one tenth of the total number of Members or 100 Members (whichever is the lesser number) delivered to the registered office of the Credit Union, the Board of Directors shall convene a Special General Meeting of Members. The purpose of the Special General Meeting shall be stated in the application and notice of the meeting. No business other than that stated in the notice of the meeting shall be conducted at the meeting; or
- If, within one month from the date of the receipt of the application (as noted above), the Board of Directors has not convened a Special General Meeting to be held within 6 weeks of the application, any three Members of the Credit Union acting on behalf of the signatories to the application may convene a Special General Meeting, and shall be reimbursed by the Credit Union for any costs incurred in convening such a meeting; or
- The Chief Executive may call a Special General Meeting either because the Board of Directors has broken up or is no longer functioning in accordance with these Rules or, under the auspices of the Credits Union's Whistleblowing Policy, where the Chief Executive believes that the Board of Directors are no longer acting in the best interest of the Membership and has been unable to resolve this matter within the normal management framework.

30.5 Annual General Meeting

The Annual General Meeting shall be held within six months of the end of the year of account at such date, time and place as the Board of Directors may determine by resolution. This may include electronically by way of a suitable online meeting platform.

The business of the Annual General Meeting shall comprise:

- The receipt of the accounts and balance sheet and of the reports (if any) of the Board of Directors and the auditor; and
- The appointment of an auditor (subject to Rule 110.3); and
- The election of the Board of Directors (or the results of the election if held previously by ballot) (Rule 40.6); and
- The ratification of the application of surplus (Rule 90.2); and
- The transaction of any other business included in the notice convening the meeting.

30.6 Notice of General Meetings

At least 14 days before the date of a General Meeting, the Board shall cause notice to be made available of the date, time and place of the meeting (and if being held electronically, meeting registration details).

Notice of any meeting is given by posting notice in a conspicuous place of business at the Credit Union to which Members have access and by electronic communication, including posting on the website operated by the Credit Union.

In addition, notice in writing shall be sent to the external auditor at least 14 days before the date of a General Meeting.

30.7 Accidental Omission

When notice of a General Meeting has been given in accordance with the Rule 30.6, the accidental omission to give notice to any individual Member or Members or the non-receipt of the notice by any individual Member or Members shall not invalidate any resolution passed or any business undertaken at the meeting.

30.8 Complaints

The Credit Union will maintain a formal written complaints procedure which shall be made available to all Members on the Credit Union website.

The Credit Union shall aim to resolve a complaint and send a final response within eight weeks of the receipt of a complaint (or such other time period as may be prescribed by the Relevant Authority).

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

40 Board of Directors - Constitution

40.1 Classification of Directors

~~Members who are elected to the Board of Directors cannot assume their status or role until they have demonstrated that they are fit and proper (see Rule 60.3) and, subsequently, have been certified or approved (as appropriate) under the regulatory regime.~~

~~For the purposes of this Rule Book, Members who have been elected but have not yet commenced their term of office are referred to as Elected Directors. Directors who have been elected and who have been certified / approved and their term of office has commenced (Rule 60.1) are referred to as Appointed Directors.~~

~~As per Rule 40.7 the Board of Directors has the delegated authority to fill casual vacancies.~~

~~For the purposes of this Rule Book, Members who have been selected to fill a casual vacancy but have not yet been certified / approved under the regulatory regime will be referred to as Nominated Directors. Nominated Directors will become Appointed Directors once certification / approval is in.~~

~~If an Elected Director or a Nominated Director fails to demonstrate that they are fit and proper (see Rule 60.3) or subsequently fails to obtain certification or approval under the regulatory regime, within three months of the scheduled vesting date (Rule 60.1) their election is automatically declared null and void and a vacancy is immediately created.~~

~~Directors will be classified as either Executive or Non-Executive Directors. The core duties, authorities and responsibilities of Executive and Non-Executive Directors are identical. Executive Directors are defined as those directors who have taken personal responsibility for prescribed responsibilities under the regulatory regime.~~

Directors will be classified as either Executive or Non-Executive Directors.

Non-Executive Directors provide independent oversight of executive performance, financial controls and risk management whilst participating in high level strategic planning and policy development. Their primary duty is to act in the best interest of the members.

Executive Directors are defined as those Directors who also hold employment in the credit union and are actively involved in the day-to-day management, operations and strategic implementation.

40.2 Number of Directors

~~The Credit Union shall endeavour to have 9 Directors (The count being made of Elected, Nominated and Appointed Directors).~~

~~For whatever reason, should the number of Appointed Directors fall below 5 and, where the Board is of the opinion that there is no prospect within the following 12 weeks that this number will rise above 4, a Special General Meeting will be called to discuss possible resolutions.~~

~~For whatever reason (e.g. vote of no confidence by Members at General Meeting), where the number of Appointed Directors falls to zero, the Chief Executive will call a Special General Meeting to discuss~~

~~possible resolutions. The meeting is to be held within 4 weeks and the Chief Executive will Chair said meeting.~~

The Credit Union shall endeavour to have 9 Non-Executive Directors.

Should the number of Non-Executive Directors fall below 5 and, where the Board is of the opinion that there is no prospect within the following 12 weeks that this number will rise above 4, a Special General Meeting will be called to discuss possible resolutions.

Where the number of Non-Executive Directors falls to zero, the Chief Executive will call a Special General Meeting to discuss possible resolutions. The meeting is to be held within 4 weeks and the Chief Executive will Chair said meeting.

40.3 Nominations Committee

~~The Board of Directors will form a Nominations Committee with a remit including:~~

- ~~• Establishing and maintaining an appropriate application process for potential Directors;~~
- ~~• Meeting with prospective Directors, informing them of the role and preparing them for potential election;~~
- ~~• Determining the standards of fitness and propriety required of directors and potential directors;~~
- ~~• Determining whether or not a potential director's name should appear on the ballot paper based on whether or not that have demonstrated (or are judged to be capable of demonstrating) fitness and propriety for the role (Rule 60.3);~~
- ~~• Where deemed required, identifying people within the common bond (whether they are currently a member of not) with a skill set which may augment the Board of Directors and encouraging them to stand for election;~~
- ~~• Evaluating the outcome of the efforts to generate interest from new volunteers where this has been delegated to the Chief Executive;~~
- ~~• Annually certifying Directors under the Regulators Certification Regime;~~
- ~~• Where deemed conducive to the successful functioning of the Board of Directors, recommending that a Director be nominated to serve further periods of up to three years upon completion of two consecutive terms of three years; and~~
- ~~• Where deemed beneficial, inviting ex-Directors to participate in and assist with Directors training activities.~~

~~The Nominations Committee will ordinarily comprise of two directors, the Chief Executive and the person with responsibility for organisational compliance. The Chairperson must not serve on the Nominations Committee.~~

The Board of Directors will form a Nominations Committee with a remit including:

- (a) Establishing and maintaining an appropriate application process for potential Directors;**
- (b) Meeting with prospective Directors, informing them of the role and preparing them for potential election;**
- (c) Determining the standards of fitness and propriety required of Directors and potential Directors;**
- (d) Carrying out the fitness and propriety assessment of each prospective Director prior to their nomination being put forward (Rule 60.3);**

- (e) Where deemed required, identifying people within the Common Bond (whether they are currently a Member or not) with a skill set which may augment the Board of Directors and encouraging them to stand for election;
- (f) Evaluating the outcome of the efforts to generate interest from new volunteers where this has been delegated to the Chief Executive;
- (g) Annually assess Non-Executive Directors to ensure they remain fit and proper;
- (h) Where deemed conducive to the successful functioning of the Board of Directors, recommending that a Director be nominated to serve further periods of up to three years upon completion of two consecutive terms of three years; and
- (i) Where deemed beneficial, inviting ex-Directors to participate in and assist with Directors' training activities.

The Nominations Committee will ordinarily comprise two Directors, the Chief Executive and the person with responsibility for organisational compliance. The Chairperson or the Vice Chairperson must not serve on the Nominations Committee.

40.4 Eligibility for Nomination

~~All nominees for election to the Board of Directors must be Members of Scotwest Credit Union.~~

~~A Member should not allow their name to be put forward for nomination if they know of any substantive reason why they may not be regarded as 'fit and proper' to be authorised as an Approved Person by the Regulator.~~

~~A Member may not stand for election if they:~~

- ~~• are an employee of Scotwest (or any other) Credit Union;~~
- ~~• are a Director of another Credit Union;~~
- ~~• are a Director or Employee of a Credit Union Trade Body to which Scotwest is not affiliated;~~
- ~~• are currently subject to Bankruptcy, Sequestration, a Protected Trust Deed or any other legal arrangement, or have been discharged within the last 12 months; or~~
- ~~• have, at any time, been disqualified under the Directors Disqualification Act 1986; or~~
- ~~• have, at any time, been convicted of any offence involving fraud or dishonesty; or~~
- ~~• are judged by a medical practitioner to be physically or mentally incapable of acting in the role of a Director; or~~
- ~~• by reason that due to their mental health, they are subject to a court order which wholly or partly prevents them from personally exercising any powers or rights which that person would otherwise have; or~~
- ~~• are unwilling or unlikely to achieve the required level of competence as per Rule 60.3~~

~~Where the Nominations Committee, formed under Rule 40.3, believes that a Member putting themselves forward for election should not do so under the clauses set out in this Rule, they have the authority not to allow the Member's nomination to be put forward. If the Member wishes to challenge~~

~~this decision, then the matter will be added to the agenda of the next General Meeting (at which vote will be held to either ratify or overturn the Nominations Committee decision (such a vote being decided by a majority show of hands)).~~

The provisions of this Rule apply to the nomination and election of Non-Executive Directors. The appointment of the Chief Executive as an Executive Director is provided for separately in Rule 40.8.

All nominees for election to the Board of Directors must be Members of Scotwest Credit Union.

A Member should not allow their name to be put forward for nomination if they know of any substantive reason why they may not be regarded as 'fit and proper' to hold the role of Director.

A Member may not stand for election if they:

- (a) are an employee of Scotwest (or any other) Credit Union;
- (b) are a Director of another Credit Union;
- (c) are a Director or Employee of a Credit Union Trade Body regardless of affiliation;
- (d) are currently subject to Bankruptcy, Sequestration, a Protected Trust Deed or any other legal arrangement, or have been discharged within the last 12 months;
- (e) have, at any time, been disqualified under the Directors Disqualification Act 1986;
- (f) have, at any time, been convicted of any offence involving fraud or dishonesty;
- (g) are judged by a medical practitioner to be physically or mentally incapable of acting in the role of a Director;
- (h) are, by reason of their mental health, subject to a court order which wholly or partly prevents them from personally exercising any powers or rights which that person would otherwise have; or
- (i) are unwilling or unlikely to achieve the required level of competence as per Rule 60.3.

Where the Nominations Committee believes that a Member putting themselves forward for election does not meet the criteria set out in this Rule, they have the authority not to allow the Member's nomination to be put forward. If the Member wishes to challenge this decision, the matter will be referred to the Board of Directors, who will consider the challenge and communicate their decision to the Member in writing. The Board's decision on this matter is final.

40.5 Nominations

~~All nominations for election to the Board of Directors, completed in accordance with the prescribed application process as per Rule 40.3.~~

~~Nominations for election to the Board of Directors can be made at any time during the year. Nominations received less than 28 days in advance of a General Meeting will not be considered for that General Meeting but held over until a subsequent meeting.~~

~~All nominations for election to the Board of Directors require to be assessed and approved by the Nominations Committee (Rule 40.3) before the nominated person can appear on a ballot paper. The Nominations Committee will only allow a nomination to proceed to ballot if they consider that the~~

~~nominee meets the competence requirements (as per Rule 60.3) or it is likely that they are able and willing to meet those requirements prior to the period of office commencing.~~

~~Where the Nominations Committee does not approve the person for inclusion on the ballot paper they will, on behalf of the Credit Union, offer assistance and guidance as to how the Member can meet the competence requirements in order that their name may go forward to a future ballot.~~

~~If the Member wishes to challenge the decision of the Nominations Committee to exclude them from the ballot paper, then the matter will be added to the agenda of the next General Meeting (at which a vote will be held to either ratify or overturn the Nominations Committee decision (decided by a majority show of hands)).~~

~~Details of all the nominees for election to the Board of Directors who will appear on the ballot paper will be made publically available on the Scotwest website at least 14 days prior to the General Meeting at which their nomination will be considered and physical copies will be issued along with the ballot papers at the General Meeting itself.~~

~~In the absence of extenuating circumstances, all nominees for election to the Board of Directors must attend the General Meeting at which their nomination will be considered (See Rule 40.6 (a)).~~

All nominations for election to the Board of Directors must be completed in accordance with the prescribed application process as per Rule 40.3.

Nominations for election to the Board of Directors can be made at any time during the year. Nominations received less than 28 days in advance of a General Meeting will not be considered for that General Meeting but held over until a subsequent meeting.

All nominations for election to the Board of Directors require to be assessed and approved by the Nominations Committee (Rule 40.3) before the nominated person can appear on a ballot paper. The Nominations Committee will only allow a nomination to proceed to ballot if they are satisfied that the nominee meets the fitness and propriety requirements and the competence requirements as per Rule 60.3.

Where the Nominations Committee does not approve a person for inclusion on the ballot paper, they will, on behalf of the Credit Union, offer assistance and guidance as to how the Member can meet the requirements in order that their name may go forward to a future ballot.

If the Member wishes to challenge the decision of the Nominations Committee to exclude them from the ballot paper, the matter will be referred to the Board of Directors, who will consider the challenge and communicate their decision to the Member in writing. The Board's decision on this matter is final.

Details of all nominees for election to the Board of Directors who will appear on the ballot paper will be made publically available on the Scotwest website at least 14 days prior to the General Meeting at which their nomination will be considered.

In the absence of extenuating circumstances, all nominees for election to the Board of Directors must attend the General Meeting at which their nomination will be considered

40.6 Election Process

~~Prior to the meeting, the Board of Directors will appoint a Returning Officer (normally an independent person such as the external auditor).~~

~~Before the General Meeting, Members will be issued with meeting papers which will include details of those standing for election and a ballot paper.~~

~~Prior to the vote taking place the Chair will:~~

- ~~a) Confirm that each nominee is present at the meeting. If a nominee is not present and the Chair has been advised of extenuating circumstances, the Chair will hold a vote, the method being determined and advised, in advance, by the Board of Directors, as to whether the nomination should be allowed to proceed to or be dropped from the election (if the Chair has not been advised of extenuating circumstances for non-attendance the Chair will advise the attendees that the nomination is withdrawn and that any votes cast for that person will be void); and~~
- ~~b) Confirm that the nomination has been ratified by the Nominations Committee.~~
- ~~c) Allow each nominee present to speak to their application. (Where a nominee is not present, no other person will be allowed to speak on their behalf); and~~
- ~~d) Provide an opportunity for any member attending the General Meeting to state why they believe that any of the candidates are ineligible to stand for election by virtue of the fact that their nomination contravenes any of the Rules or the criteria for a fit and proper person (as per Rule 60.3).~~

~~Following which, members will be asked to cast their vote in a secret ballot. (The actual voting procedures being determined, in advance, by the Board of Directors.)~~

~~The Member receiving the most votes will be duly elected to the post. Where there is more than one vacancy, the Member receiving the second highest number of votes will be duly elected to the second post and so on until all the posts are filled.~~

~~The Returning Officer will announce the result of the election at the General Meeting.~~

All nominations for election to the Board of Directors must be completed in accordance with the prescribed application process as per Rule 40.3.

Nominations for election to the Board of Directors can be made at any time during the year. Nominations received less than 28 days in advance of a General Meeting will not be considered for that General Meeting but held over until a subsequent meeting.

All nominations for election to the Board of Directors require to be assessed and approved by the Nominations Committee (Rule 40.3) before the nominated person can appear on a ballot paper. The Nominations Committee will only allow a nomination to proceed to ballot if they are satisfied that the nominee meets the fitness and propriety requirements and the competence requirements as per Rule 60.3.

Where the Nominations Committee does not approve a person for inclusion on the ballot paper, they will, on behalf of the Credit Union, offer assistance and guidance as to how the Member can meet the requirements in order that their name may go forward to a future ballot.

If the Member wishes to challenge the decision of the Nominations Committee to exclude them from the ballot paper, the matter will be referred to the Board of Directors, who will consider the challenge and communicate their decision to the Member in writing. The Board's decision on this matter is final.

Details of all nominees for election to the Board of Directors who will appear on the ballot paper will be made publicly available on the Scotwest website at least 14 days prior to the General Meeting at which their nomination will be considered.

In the absence of extenuating circumstances, all nominees for election to the Board of Directors must attend the General Meeting at which their nomination will be considered

40.7 Casual Vacancies

~~A casual vacancy on the Board of Directors shall, as soon as is practicable, be filled by co-opting a Member. Having satisfied themselves regarding the fitness and propriety of the Member, the Nominations Committee will propose the co-option and this will be ratified (or otherwise) by a majority vote of the Appointed Directors at an appropriately convened meeting.~~

~~Members who have been selected to fill a casual vacancy but have not yet been certified or approved (as appropriate) under the regulatory regime will be referred to as Nominated Directors. They will become Appointed Directors once they have been certified or approved (as appropriate) under the regulatory regime.~~

~~In keeping with Rule 60.1 (Terms of Office) a Member may not be co-opted if less than one year has elapsed since they stood down from serving all or part of a second three-year (or subsequent additional) term as a Director.~~

~~Any Member who is co-opted as a Director shall hold office only until the vesting day following their co-option (see Rule 60.1). Co-opted Directors may stand for election at the Annual General Meeting following their co-option under the Rules 40.4 and 40.5 and are eligible to serve a maximum of three full three-year terms following their election at AGM (i.e. the period served as a co-opted Director does not count when applying Rule 60.1).~~

A casual vacancy on the Board of Directors shall, as soon as is practicable, be filled by co-opting a Member. The Nominations Committee will carry out a full fitness and propriety assessment of the prospective co-opted Director prior to making their recommendation to the Board. The co-option will be ratified (or otherwise) by a majority vote of the Directors at an appropriately convened meeting.

A Member may not be co-opted if less than one year has elapsed since they stood down from serving all or part of a second three-year (or subsequent additional) term as a Director.

Any Member who is co-opted as a Director shall hold office only until the vesting date following their co-option (see Rule 60.1). Co-opted Directors may stand for election at the Annual General Meeting following their co-option under Rules 40.4 and 40.5 and are eligible to serve a maximum

of three full three-year terms following their election at AGM (i.e. the period served as a co-opted Director does not count when applying Rule 60.1).

40.8 Appointment of the Chief Executive as Executive Director

The Board of Directors shall appoint the Chief Executive as an Executive Director of the Credit Union. This appointment is made by virtue of the Chief Executive's role and is not subject to election by the Membership.

The Chief Executive will hold the position of Executive Director for the duration of their employment as Chief Executive. The Executive Director seat is automatically vacated upon the cessation of the Chief Executive's employment, for whatever reason.

Prior to the appointment of the Chief Executive as Executive Director, the Board shall satisfy itself that the Chief Executive holds Senior Management Function approval (SMF8) from the Regulator. The fitness and propriety assessment required to obtain this approval is carried out as part of the Chief Executive's employment process and is the responsibility of the Compliance and Risk Manager. A separate assessment by the Nominations Committee is not required.

The Chief Executive, as Executive Director, shall have the same voting rights as all other Directors at Board meetings, subject to the following:

- (a) The Chief Executive shall not vote on any matter which relates to their own employment terms or compensation. The Chief Executive shall declare their interest and withdraw from the discussion and vote on any such matter; and
- (b) Where the Chief Executive considers that they may have a conflict of interest on any other matter, they shall declare this in accordance with the Credit Union's Conflict of Interest Policy (Rule 60.4). The Board will determine whether the Chief Executive should be excluded from the discussion and/or vote on that matter.

The Chief Executive, as Executive Director, shall be subject to the same duties, obligations and standards of conduct as all other Directors, including those set out in Rules 60.3 (Competence), 60.4 (Conflict of Interest) and 60.10 (Confidentiality), save where these are inconsistent with the terms of this Rule.

50 Board of Directors - Operation

50.1 Management of the Credit Union

Subject to the law, pertinent regulation and these Rules, the Board of Directors shall manage the general business and control of the affairs of the Credit Union and shall be responsible for performing all of the duties ordinarily performed by the Board of Directors.

As per Rule 30.1, the responsibilities of the Board shall be laid out in a Delegated Authority (or like named) policy agreed from time to time by the Board of Directors, which shall be provided to all newly elected members of the Board, prospective members of the Board and any member on reasonable request.

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

The Board of Directors will maintain policies which cover the management of conflicts of interest; director's duties and responsibilities; director's training; director's expenses; and whistleblowing.

50.2 Election of Officer Bearers

~~a) Executive Directors~~

~~Executive Directors are defined as those directors who have taken personal responsibility for prescribed responsibilities under the regulatory regime. The Chairperson and Vice Chairperson of the Board of Directors may assume these prescribed responsibilities and therefore may be Executive Directors.~~

~~The Board of Directors shall elect from among its members a Chairperson and Vice Chairperson. No Director can hold the post of Chair and Vice Chair at the same time.~~

~~Subject to Rule 50.2 (d) the posts of Chairperson and Vice Chairperson will be held throughout that Directors term (or terms) of office (Rule 60.1)~~

~~b) Non-Executive Directors~~

~~Non-Executive Directors are defined as those directors who have not taken personal responsibility for prescribed responsibilities under the regulatory regime.~~

~~As soon as practicable following the Annual General Meeting, the Board of Directors shall elect from among it a Secretary for the purpose of signing off the Credit Union's annual regulatory return. The Board may also choose to elect other posts as it deems appropriate from time to time.~~

~~Unless the Director vacates office or there is a majority vote by the Board of Directors to the contrary, all such elected posts are held until immediately after the next AGM. At the close of the AGM the posts are automatically vacated, triggering new elections.~~

~~Unless agreed by the Board of Directors, there is no restriction on the number of times (consecutive or otherwise) any Director can hold any of the elected posts.~~

The Board of Directors shall elect from among its members a Chairperson and Vice Chairperson. No Director can hold the post of Chair and Vice Chair at the same time.

Subject to Rule 50.2(b), the posts of Chairperson and Vice Chairperson will be held throughout that Director's term (or terms) of office (Rule 60.1).

As soon as practicable following the Annual General Meeting, the Board of Directors shall elect from among its members a Secretary for the purpose of signing off the Credit Union's annual regulatory return. The Board may also choose to elect other posts as it deems appropriate from time to time.

Unless the Director vacates office or there is a majority vote by the Board of Directors to the contrary, all such elected posts are held until immediately after the next AGM. At the close of the AGM the posts are automatically vacated, triggering new elections.

Unless agreed by the Board of Directors, there is no restriction on the number of times (consecutive or otherwise) any Director can hold any of the elected posts.

a€) Voting Rights

Office bearers do not hold any special voting rights other than as noted per Rule 50.10.

b€) Removal from Office

Notwithstanding the removal from the office of director (Rule 60.7) the Board of Directors may, by a majority vote, remove a director from the office of Chairperson, Vice Chairperson, Secretary or any other elected post as per Rule 50.2(b) in circumstances where the Board of Directors consider that the person no longer retains the Board's confidence in the execution of the role.

50.3 Frequency of Meetings

The Regulator requires that the Board of Directors meet at least once a month.

The Board will normally meet monthly, but may meet more frequently if the needs of the business require it to do so.

50.4 Timing of Meetings

The date, time and place of such meetings shall be decided from time to time by the Board.

All meetings shall be called in such a manner as the Board shall determine.

50.5 Special Meetings

The Chairperson, or in their absence the Vice-Chairperson, may call a special meeting of the Board of Directors at any time.

The Chairperson, or in their absence the Vice-Chairperson, shall call a special meeting of the Board of Directors on receipt of a request in writing signed by at least 3 Directors.

The Chairperson, or in their absence the Vice-Chairperson, shall determine the date, time and place of such a meeting, unless the Board of Directors prescribe otherwise by resolution.

50.6 Quorum

No business shall be transacted at a meeting of the Board of Directors unless a quorum is in attendance (see Rule 50.7).

A majority of the number of ~~the Appointed~~ Directors (~~see Rule 40.1~~) at any time shall constitute a quorum.

If a quorum is not present then the meeting will be adjourned to any date not less than 2 or more than 30 days from the day of the meeting at which the adjournment took place. The quorum for such an adjourned meeting shall be 3 Directors or such greater number as the Board may determine by resolution.

50.7 Attendance

A Director is deemed to be in attendance when that person and all those attending the meeting are in a position to communicate with each other.

The Board of Directors may invite non-Directors to attend and participate in all or part of a meeting, however, as per Rule 50.10, only ~~Appointed~~ Directors have voting rights.

50.8 Authority

The authority of the Board of Directors resides within a meeting of the Board which has been properly called and is quorate (Rule 50.6).

Outside of a Board meeting, Director(s) shall only have the specific authority to act in a specified area as may from time to time be delegated within a meeting of the Board of Directors.

In addition, the Board of Directors may delegate any of their powers to Sub-Committees established as provided for in Rule 50.12.

All acts carried out by any meeting of the Board, or of any committees or by any Director acting in pursuance of any authority duly given shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment or qualification of any Director, be valid as if such Director had been duly appointed or qualified.

50.9 Meeting Chair

Subject to any specific provision contained in these Rules, the Chair or, in their absence the Vice-Chair, shall preside at meetings of the Board of Directors.

If 15 minutes has elapsed after the time appointed for the beginning of a Board meeting and neither the Chairperson nor the Vice-Chairperson is either present or willing to act, then, provided the meeting is quorate in accordance with Rule 50.6, the other Directors shall elect one of their number, who is present, to Chair that meeting.

50.10 Voting

A Director is able to exercise the right to speak at any meeting of the Board of Directors at which they attend.

Matters arising at any meeting of the Board of Directors shall be decided by the consensus of the ~~Appointed~~ Directors.

Where either:

- there is no consensus; or
- where these Rules require a vote; or
- where any ~~Appointed~~ Director requests a vote to be held

a decision will be made by a majority of votes (by show of hand) unless these Rules require otherwise. Each Appointed Director, including the Chair of the meeting, shall have only one vote on any matter.

Only in the event of an equality of votes, the Chair of the meeting shall have a casting vote

Only **Appointed** Directors have a vote on any matter. Other meeting attendees (e.g. the Executive, auditors) may be asked to contribute to the discussion but will not have a vote.

50.11 Binding Decisions

The Board of Directors works on the basis of 'cabinet responsibility' and therefore any properly executed decision made by the Board is binding on all of the Directors regardless of either their initial dissent, their abstinence from a vote or their failure to attend the meeting at which the decision was made.

If a Director feels they are unable to abide by a decision of the Board they can:

- Once (and once only) ask that the Board reconsider the decision; or failing that
- Attempt to call a Special General Meeting under Rule 30.4; or
- Resign as a Director.

50.12 Sub-Committees

The Board has the authority to delegate some of its work to Sub-Committees.

Sub-Committees may be temporary or 'standing'.

The membership of Sub-Committees shall be determined from time to time by the Board and shall consist of Directors and other individuals as the Board think appropriate.

Sub-Committees shall have clear terms of reference and conform in all respects to these terms, including any requirements regarding reporting to the Board of Directors.

60 Directors

60.1 Terms of Office

~~Following successful election (Rule 40.5 and 40.6), a Director will be ordinarily appointed for a period of three years commencing the 1st May following the date of election (the 'vesting date'). Elected directors can only take up post on the vesting date if they have, to the satisfaction of the Nominations Committee, demonstrated that they are fit and proper (see Rule 60.3) and, have subsequently been certified or approved (as appropriate) under the regulatory regime.~~

~~Where fitness and propriety or regulatory certification / approval has not been attained by the vesting date, the appointment will commence immediately once those criteria are satisfied but the total term of office will be reduced in order that it terminates on the third anniversary of the original vesting date.~~

~~If an Elected Director or a Nominated Director fails to demonstrate that they are fit and proper (see Rule 60.3) or subsequently fails to obtain certification or approval under the regulatory regime, within three months of the scheduled vesting date (Rule 60.1) their election is automatically declared null and void and a vacancy is immediately created.~~

~~At the end of an initial three-year term, a Director automatically vacates office unless they have stood for election and been re-elected for a second three-year term at the preceding AGM.~~

~~Any Director who vacates office either at the end of, or at any time during, their second three-year term, for whatever reason, may, upon the invitation of the Nominations Committee, participate in and assist with Directors' training activities. They will, however, be prohibited from influencing the direction of the Credit Union for a period of 12 months from the date of their vacation from office.~~

~~As per Rule 40.7 Co-opted Directors are eligible to serve a maximum of three full three-year terms following their election at AGM (i.e. the period served as a co-opted Director does not count when applying Rule 60.1) provided that they have not served previously and the period of such service would lead to a breach of Rule 60.1.~~

~~A Director, on the recommendation of the Nominations Committee, may be nominated for further terms of up to three years upon completion of two consecutive terms of three years (and in exceptional circumstances one three-year term). This nomination must be approved by the Board of Directors and the Director would be required to be elected by the membership at the next AGM. Any Director who vacates office at the end of, or at any time during, this further term, for whatever reason, may, upon the invitation of the Nominations Committee, participate in and assist with Directors' training activities. They will, however, be prohibited from influencing the direction of the Credit Union for a period of 12 months from the date of their vacation from office.~~

~~No Director will be permitted to serve any more than three consecutive terms of three years as an Elected Director.~~

Elected Directors

Following successful election at the Annual General Meeting (Rules 40.5 and 40.6), a Director will be appointed for a period of three years commencing on 31st March following the date of their election (the 'vesting date').

At the end of an initial three-year term, a Director automatically vacates office unless they have stood for election and been re-elected for a second three-year term at the preceding Annual General Meeting.

Any Director who vacates office either at the end of, or at any time during, their second three-year term, for whatever reason, may, upon the invitation of the Nominations Committee, participate in and assist with Directors' training activities. They will, however, be prohibited from influencing the direction of the Credit Union for a period of 12 months from the date of their vacation from office.

Extended Terms

A Director, on the recommendation of the Nominations Committee, may be nominated for a further term of up to three years upon completion of two consecutive terms of three years. This nomination must be approved by the Board of Directors and the Director would be required to be elected by the Membership at the next Annual General Meeting. Any Director who vacates office at the end of, or at any time during, this further term, for whatever reason, may, upon the invitation of the Nominations Committee, participate in and assist with Directors' training

activities. They will, however, be prohibited from influencing the direction of the Credit Union for a period of 12 months from the date of their vacation from office.

No Director will be permitted to serve more than three consecutive terms of three years as a Director.

Co-opted Directors

As per Rule 40.7, co-opted Directors are eligible to serve a maximum of three full terms of three-years following their election at an Annual General Meeting (i.e. the period served as a co-opted Director does not count when applying this Rule), provided that they have not served previously and the period of such service would lead to a breach of this Rule.

Executive Director (Chief Executive)

The Chief Executive, appointed as an Executive Director in accordance with Rule 40.8, holds that position for the duration of their employment as Chief Executive. The Executive Director seat is automatically vacated upon the cessation of the Chief Executive's employment, for whatever reason. The provisions of this Rule relating to fixed terms of office do not apply to the Chief Executive as Executive Director.

60.2 Representation

Directors are appointed as individuals and are appointed to represent all of the Members.

Whilst Directors may be associated with a third party (e.g. a corporate member, trade union, etc.) or a sub-group of Members (e.g. work for a Select Employer) they may not either seek election as a representative of that third party nor, following election, seek to represent that interest to the detriment of other members. (See Rule 60.4 Conflict of Interest). Any Director deemed by their peers to contravene this Rule may be considered for removal from office under Rule 60.7.

60.3 Competence

On behalf of the Board of Directors, the Nominations Committee will maintain and implement recruitment, training and competence policies which require Directors to develop and maintain an understanding of the different areas of the business and the main prudential risks and controls to an appropriate standard and to demonstrate their fitness and propriety to hold the role of Director in the Credit Union.

The Nominations Committee will determine:

- A minimal standard of competence, fitness and propriety which potential directors must demonstrate before being permitted to stand for election; and
- A required standard of competence, fitness and propriety (and a personalised development path reflecting this) which potential directors must achieve within a set period following taking up post (and maintain throughout their tenure).

Failure of Directors to either meet or maintain these standards will lead to removal from office as per Rule 60.7.

60.4 Conflict of Interest

The Board of Directors will maintain a Conflict of Interest Policy and Procedures which provides for the appropriate case-by-case management of any situation whereby a Director could be deemed to have a conflict of interest.

60.5 Vacation of Office

A Director automatically vacates office at the end of an ordinary three-year term (or other term as agreed by the Board of Directors) (see Rule 60.1).

A Director may vacate their office by resigning in writing to the Chair of the Board of Directors (or by such other communication as is appropriate in the circumstances).

Any Director who, without special leave of absence, fails to attend 3 consecutive meetings shall, if the Board of Directors so resolve, be deemed to have vacated their office with immediate effect. Any request for special leave of absence must be considered at duly constituted meeting of the Board of Directors.

At any point during their appointment a Director must immediately resign their post if:

- they cease to be a member of the Credit Union; or
- their Approved Person status is withdrawn or suspended by the Regulator or they know of any substantive reason why they may no longer be regarded as 'fit and proper' to be authorised as an Approved Person by the Regulator; or
- they become an employee of Scotwest or any other Credit Union (with the exception of Rule 60.9); or
- they become a Director or Employee of a Credit Union Trade Body to which Scotwest is not affiliated;
- they become a Director of another Credit Union; or
- are sequestrated, declared bankrupt, enter into a Protected Trust Deed or any other legal debt arrangement; or
- are disqualified under the Directors Disqualification Act 1986; or
- are convicted of any offence involving fraud or dishonesty; or
- are judged by a medical practitioner to be physically or mentally incapable of acting in the role of a Director; or
- by reason of their mental health, become subject to a court order which wholly or partly prevents them from personally exercising any powers or rights which that person would otherwise have.

If any of the above circumstances apply, but the Director either does not, or is unable to resign with immediate effect, the Board of Directors can remove them by a majority vote (see Rule 60.7).

60.6 Suspension from Office

A Director may be suspended from office, pending investigation, by a majority vote of the Board of Directors (see Rule 50.10) if the Board considers that the Director:

- May have materially breached the Credit Union's Rule Book or Policies; or
- May have brought the Credit Union into disrepute; or
- May have failed to adhere to the required standard of behaviour, etc. as required of Directors (see Rule 60.3); or
- May have failed to obtain or maintain the required level of competence as per Rule 60.3
- May have failed to adhere to or have failed to complete the agreed training requirements for Directors (see Rule 60.3); or
- May have breached Rule 60.2; or
- The Board considers that they may have an insurmountable conflict of interest.

The reason for the vote (i.e. the charge) will be fully documented in minutes and the suspended Director will be sent a letter notifying them of the suspension, the charge and any arrangements for the investigation within 48 hours of the vote being taken.

The period of suspension must not exceed 30 days. The Board will immediately commission an investigating team (the composition of which will be agreed as appropriate to each case).

During the period of suspension, the Director, other than providing evidence to the investigation, must not carry out any Credit Union duties, seek to represent the Credit Union in any capacity or seek to influence any other Director, employee or member of the investigating team. Contravention of this could lead to a separate charge and suspension.

No later than 20 days after the date of suspension, the Board will convene a meeting, in the absence of the suspended Director, to consider the findings of the investigation. Immediately following this meeting, a letter will be issued to the suspended Director outlining the findings of the investigation and inviting them to a Board meeting to discuss the findings and to determine the Board's decision. The suspended Director will be given the opportunity to speak at this meeting. This meeting is to be held with 10 days of the letter being issued. Where the proposed date and time of the meeting is not suitable for the suspended Director, reasonable effort will be made to accommodate a change in the date or time subject to:

- If, due to the unavailability of the suspended Director, the meeting cannot be held within 30 days of the date of suspension, then the suspension remains in place until the meeting can be convened; and
- In the event that reasonable efforts to accommodate the availability of the suspended Director do not result in an agreed meeting date within 40 days of the date of suspension, the Board is at liberty to hold the meeting and make a binding decision in the absence of the suspended Director.

If the Board, by majority vote, decides that they are satisfied that the charge against the suspended Director is valid, they will move to remove the Director from office in accordance with Rule 60.7.

Should a Director voluntarily resign during this process, then, with the exceptions of cases which relate to matters which may have to be reported to the police, the Regulator or other authority, the Board may decide, by majority vote, to end the proceedings without conclusion.

60.7 Removal from Office

A Director may be removed from office by a resolution of a majority of the Members of the Credit Union present at a Special General Meeting called for that purpose by the Board of Directors or by the Members or at the Annual General Meeting provided that such a Director shall be given at least 14 days' notice of the meeting and of the intention to remove them from office

The Board of Directors, by a majority vote (see Rule 50.10), may propose to remove a Director from office if:

- The Director has materially breached the Credit Union's Rule Book or Policies; or
- The Director is considered to have brought the Credit Union into disrepute; or
- The Director has failed to adhere to the required standard of behaviour, etc. as required of Directors (see Rule 60.3); or
- The Director has failed to obtain or maintain the required level of competence as per Rule 60.3
- The Director has failed to adhere to or have failed to complete the agreed training requirements for Directors (see Rule 60.3); or
- The Director has breached Rule 60.2; or
- The Board considers that the Director has an insurmountable conflict of interest.

The period between the Board voting to remove a Director and the General Meeting, must not exceed 6 months and during that period the Director is suspended and must not carry out any Credit Union duties, seek to represent the Credit Union in any capacity or seek to influence any other Credit Union Director or employee. Contravention of this could lead to a separate charge and suspension.

60.8 Appeals against Removal from Office

A Director may not appeal a decision made by the majority of Members at a General Meeting where the vote arises under Rule 60.7.

Where a Director wishes to appeal a decision by the majority Board of Directors to terminate their Directorship under Rule 60.5 or 60.7, the Director may appeal this decision to the Members by:

- Making an application, under the requirements of Rule 30.4, for a Special General Meeting to be held to consider the termination; or

- Where the Director is unable to meet the requirements of Rule 30.4 and call a Special General Meeting, the Director will have the right to have their appeal heard at the next Annual General Meeting.

The decision made by the majority of Members attending any such General Meeting is final.

60.9 Compensation and Expenses

Directors who have taken personal responsibility for prescribed responsibilities or Senior Management Functions under the regulatory regime may be compensated if the Credit Union is unable to fill those roles through the normal election process. Any such compensation will be at the discretion of a majority of the non-Executive directors, arising from a recommendation of the Nominations Committee, and will be explicitly reported in the annual financial statements, which are submitted to the Members at the Annual General Meeting.

The Board of Directors will maintain a Directors Expenses Policy (or other similarly named policy) and Directors will be reimbursed for reasonable out of pocket expenses incurred whilst carrying out their duties.

Where the performance of a Director's duties directly results in that Director losing income, the Board of Directors may determine, on a case by case basis, that such a loss may be classified as an out of pocket expense for the purposes of reimbursement in accordance with the noted expense policy.

60.10 Confidentiality

A Director of the Credit Union shall not disclose to any person any information regarding any transaction of a Member of the Credit Union except in so far as may be necessary for the proper conduct of the business of the Credit Union, and in keeping with the Statement of Principles of Approved Persons (or any such successor regulation).

On appointment, all Directors of the Credit Union shall sign a confidentiality agreement to ensure the confidentiality of all business conducted by the Credit Union.

The Directors shall comply with the Data Protection Act 2018/UK GDPR or any subsequent legislation concerning the protection of data and comply with the Credit Union's Data Protection Policy.

~~The Directors shall comply with the Data Protection Act 1998 or any subsequent legislation concerning the protection of data and comply with the Credit Union's Data Protection Policy.~~

60.11 Indemnity

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

70 Shares

70.1 Shares

As per Rule 20.2, with the exception of Interest Bearing Shares (Rule 70.3) and Deferred shares (Rule 70.4), deposits made with the Credit Union are in the form of Dividend Bearing Shares. As these shares

represent the business' capital as provided by the business' owners, there is no guaranteed or fixed return on these deposits. Instead the owners of the business share in the allocation of the surpluses generated by the business (Rule 90.1).

Unless otherwise prefixed or implied, all references to "shares" in this Rule Book refer to Dividend Bearing Shares.

The nominal value of each share shall be £1.00.

A Member must purchase and hold at least one £1.00 share in the Credit Union.

Shares can be withdrawn subject to the provisions of Rule 70.5.

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

70.2 Minimum and Maximum Shareholdings

The minimum shareholding required to remain in membership of the Credit Union shall be £1.00.

No Member (excluding Corporate Members) shall have, or claim an interest in, shares held in all accounts in their name in the Credit Union exceeding 1.5% of the total non-deferred shares of the Credit Union. The Board of Directors may from time to time determine a lower maximum, which will be reported to the Members at the next Annual General Meeting.

Where a Member's total shareholdings exceeds the stated limit, for whatever reason, then the Member will be notified in writing asking them to bring their total share balance to within the limit applicable at the time within one month of the date of the letter. In the event that no arrangements have been made within the stated timescale, the Credit Union will make a payment of the excess by cheque to the last known address of the Member.

The maximum shareholding limit of a joint account shall be double the limit held by an individual Member. All amounts held separately in individual and joint accounts shall be amalgamated for this purpose.

Corporate Members shall not have, nor claim an interest in, shares of the Credit Union exceeding 25% (or such other amount as may be prescribed by law) of the total shareholding of the Credit Union.

For the purpose of these Rules, the total shareholdings in the Credit Union shall be taken to be the total non-deferred shareholdings as shown in the most recent annual return to have been sent to the Regulator.

70.3 Interest Bearing Shares

The Credit Union may issue Interest Bearing Shares provided that it complies with the Regulator's requirements regarding the necessary systems and controls and capital requirements and has specific permission from the Regulator to issue such shares.

Where shares are Interest Bearing Shares, the payment of interest is to be treated as a business expense before the calculation of the surplus out of which any dividend may be paid. (Rule 90.1)

Interest Bearing Shares shall not be eligible for a dividend.

The nominal value of each Interest Bearing Share shall be £1.00.

Interest Bearing Shares can be withdrawn subject to the provisions of Rule 70.5.

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

When the Credit Union issues Interest Bearing Shares, a Member must be informed that interest, not dividend, will be paid on said shares.

If the Credit Union ceases to meet the criteria to pay interest on shares (and any requirements set by law or the Regulator), their shares will, at sole discretion of the Credit Union, be converted to Dividend Bearing Shares. If a Member's shares are converted to Dividend Bearing Shares the Member must be informed using an operating procedure as determined by the Board of Directors.

70.4 Deferred Shares

The Credit Union may issue Deferred Shares for the purposes of increasing its reserves.

Deferred Shares are issued by the Credit Union under the terms and obligations as set out in an Issue Document.

Deferred Shares may be dividend or interest bearing as defined in the Issue Document.

Upon purchase, the Credit Union shall issue a share certificate showing ownership of Deferred Shares.

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

Deferred Shares cannot be withdrawn.

Deferred shares are transferable, but only to another Member of the Credit Union using an operating procedure agreed by the Board of Directors.

Deferred Shares may be repayable by the Credit Union but only in the circumstances set out in the issue document.

Deferred Shares do not hold the right to any additional votes in the Credit Union and shall not count towards the required minimum shareholding or the maximum shareholding specified in Rule 70.2.

As per Rule 70.6, Deferred Shares are not covered by the Financial Services Compensation Scheme (or any successor scheme).

70.5 Withdrawal Restrictions

Excluding Deferred Shares (Rule 70.4), Shares may be withdrawn on any day when payment for shares may be made. However, if required, the Credit Union may request up to sixty days' notice from a Member to withdraw shares.

If a Member is in default as a borrower, or a withdrawal of shares would reduce a Member's paid up shareholding in the Credit Union to less than their total liability (including contingent liability) to the Credit Union, whether as a borrower, guarantor or otherwise, the Board of Directors shall have the discretion to consider and refuse a share withdrawal request. This discretion may be exercised through an operating procedure. (Rule 80.5)

70.6 Financial Services Compensation Scheme

Members' shares and Juvenile Deposits are protected by the Financial Services Compensation Scheme (or any successor scheme), subject to the current terms of the Scheme that may be in existence.

Deferred Shares are not covered by the Financial Services Compensation Scheme (or any successor scheme).

80 Loans

80.1 Loans

The Credit Union may make loans to Members eligible to receive them.

No individual under 18 years shall be eligible to receive a loan from the Credit Union.

A Member who holds Deferred Shares in the Credit Union may not borrow on the strength of that shareholding nor use Deferred Shares to guarantee the repayment of another Member's loan.

The Credit Union shall not, at any time, make a loan to a Member if the making of such a loan would bring the total amount outstanding on loans to Members above such a limit as may be prescribed by law or Regulations established by the Regulator.

80.2 Lending Policy

The Board of Directors shall determine from time to time the Lending Policy of the Credit Union which shall apply to all Members.

The Lending Policy shall include clear procedures for the appropriate management of loan applications from directors, approved persons and members of staff of the Credit Union, or from their relatives or family members, in order to ensure that no conflict of interest occurs.

The Board of Directors shall determine from time to time the rate of interest to be charged on loans which shall apply to all Members. The Credit Union will not make a loan to a Director, Officer, Approved Person or employee of the Credit Union, or to any relative or family member of them, on terms more favourable than those available to other Members of the Credit Union.

80.3 Joint Loans

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

80.4 Guarantors

Any Member of the Credit Union can use their shareholdings (excluding Deferred Shareholdings) to guarantee another Member's loan.

As per Rule 80.5, guaranteeing another Member's loan automatically grants the Credit Union rights re the Guarantor's shares, etc. in the event of the default of the loan.

80.5 Repayment of Debts

The Board of Directors is responsible for ensuring that suitable policies and procedures are established to ensure the repayment of all debts due to the Credit Union.

All sums due from any Member shall be recoverable from him or her, their executors or administrators, as a debt due to the Credit Union.

While a Member has a debt, or a debt they have guaranteed, the Credit Union shall have a lien on their accounts; which will allow the Credit Union to offset any sum in the Member's accounts against their debt (See also Rule 70.5)

90 Application of Surplus Reserves

90.1 Calculation of Surplus or Loss

In ascertaining the surplus or loss resulting from the operation of the Credit Union during any year of account, the Credit Union shall apply the pertinent accounting standards as defined by the Regulator, Legislation and the Accounting Standards Board (or any such successor body).

In calculating surplus or loss resulting from the operation of the Credit Union during any year of account, operating expenses will include the payment of interest on Interest Bearing Shares.

90.2 Application of Surplus Reserves

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

The Credit Union may establish and maintain reserves over and above the Regulator's prudential requirements at a level as set from time to time by the Board of Directors.

Following compliance with the capital adequacy requirements established by the Regulator and the Board of Directors and subject to the delegated authority requirements noted below, the Credit Union may allocate any reserves in the following manner:

- a) A transfer to reserves to build the institutional capital base of the Credit Union;
- b) After (a) the payment to Members of dividends on the amount of their paid up Dividend Bearing Shares; and
- c) after (a) and (b), as a rebate of interest paid by or due from Members who have received loans from the Credit Union, such rebate being proportional to the interest paid by or due from such Members during that year of account; and

- d) subject to the delegated authority (below) as a payment for social, cultural or charitable purposes.

Subject to the following delegated authority:

- The Board of Directors has the delegated authority to declare interim and final (bonus) dividends on all Dividend Bearing Share Accounts and to establish differentiated dividend rates on Different Term Share Accounts, subject to any regulatory restrictions on the Credit Union's operations. The dividend rates paid during the year will be tabled at the subsequent AGM, for noting by the membership; and
- Any proposal to rebate interest paid or due for payment on loans will be tabled at the AGM for member approval; and
- Any proposed payment for social, cultural or charitable purposes which is in excess of the lower of £20,000 or 10% of the reported annual surplus before dividend will be tabled at the AGM for member approval. (Approval for any payment for social, cultural or charitable purposes which falls below these thresholds is delegated to the Board of Directors subject to being tabled at the subsequent AGM for noting by the Membership.)

90.3 Application of Dividend

The rates of Dividend are determined by the Board of Directors on a quarterly basis. There is no restriction on the rate of dividend which can be paid.

A dividend due to a Member is calculated based on a daily closing balance of shares held during the period to which the dividend applies.

Dividends are declared and paid quarterly.

Where a Member has left the Credit Union during the quarter, no dividend is payable for any part of that quarter or any subsequent period.

90.4 Payment of Dividend

Subject to the provisions of Rule 80.5, dividends on Dividend Bearing Shares and interest rebates due to any Member will be placed to the credit of their share balance unless the application of such dividend and/or interest rebate would increase their shareholding in the Credit Union to an amount exceeding the maximum shareholding permitted by Rule 70.2, in which case the Member will be asked to nominate an account out with the Credit Union to which the dividend will be paid.

90.5 Dividend on Dissolution

If a decision has been made to dissolve the Credit Union then the dividend payable on Dividend Bearing Shares shall not exceed 8% or any other rate as may be specified by order made by the Treasury.

Any reserves remaining following such a dividend will be applied in accordance with Rule 10.10.

100 Members Accounts

100.1 Inspection of Member Accounts

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

100.2 Printed Statement of Accounts

A printed statement of account shall be issued to a Member annually where they are not registered for online banking or, where they have, positively elected to receive this. This does not alter a Member's right to request a printed statement of account at any other time.

100.3 Transactions

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

Only the Member may enter into a loan agreement or make a withdrawal from their share account

Members may only use their share account on a personal basis, e.g. they must not be used for carrying out business transactions, etc.

As well as formal notices of power of attorney, the Credit Union shall have the discretion to accept an authenticated request in writing from an incapacitated Member permitting a named person to conduct transactions on the Member's behalf. The Credit Union shall take all reasonable steps to assure itself of the validity of each request made in writing and shall be indemnified by the Member in the event of a subsequent dispute.

100.4 Joint Accounts

The Credit Union may offer a joint account facility to Members who are individuals. A joint account shall only be available to two individuals who each qualify for, obtain and continue to hold membership under the Common Bond qualification. The Credit Union shall establish a procedure on the operation of a joint account.

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

100.5 Member Death, Incapacity and Other Claims on Assets

In the event of the death or incapacity of a member or any other claim on their assets, the Credit Union has the authority to pay out to any such valid claim, subject to the satisfactory application of The Credit Union's risk based, operational procedures.

110 Regulatory Returns, Accounts and Auditors

110.1 Regulatory Returns

The Credit Union will comply with all Regulatory Return requests.

110.2 Availability of Audited Accounts

The Credit Union will keep a copy of the latest audited balance sheet, together with the report of the auditor, displayed in a conspicuous place at the registered office.

The Credit Union shall make available on the Credit Union's website a copy of the last audited accounts of the Credit Union.

For Members without access to the internet, the Credit Union shall consider any reasonable request to supply a hard copy to the Member (without charge).

110.3 Auditor

A Registered Auditor shall be appointed by the Board of Directors in each year of account to audit the Credit Union's accounts and balance sheet.

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

The appointed auditor shall be entitled to attend any general meeting of the Credit Union, to receive all notices of the communications relating to any general meeting which any Member of the Credit Union is entitled to receive. They are also entitled to be heard at any meeting which they attend on any part of the business of the meeting which concerns them as appointed auditor.

110.4 Inspection of Accounts

All books of account and other records of the Credit Union shall at all reasonable times be available for inspection by the appointed auditor, internal auditor, Regulator and the Board of Directors and any other independent body as appointed by the Board of Directors for such purposes.

120 Glossary

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

Note: Words importing the singular or plural include the plural or singular respectively and those importing masculine or feminine include the feminine and masculine respectively.

Appointed Director	A Director who has been elected or nominated and has been approved by the Regulator.
Approved Person	An individual authorised by the Regulator to perform a controlled function within the Credit Union.
Board and Board of Directors	Equivalent to and interchangeable with the legislative and regulatory term “Committee of Management”.
Casual Vacancy	A mid-term vacancy on the Board of Directors caused by the death, resignation, expulsion, etc. of a Director
Chief Executive	The Chief Executive Officer of the Credit Union
Controlled Function	Any activity which requires authorisation by the Regulator.
Co-Opted Director	A Director who is appointed via the Casual Vacancy process (Rule 40.7)
Corporate Member	A Member who fulfils the criteria of Rule 20.5
Corporate Representative	The person nominated to represent an incorporated Corporate Member.
Credit Union	Scotwest Credit Union Ltd.
Deferred Shares	As defined by section 31A of the Credit Unions Act 1979
Deposits	As defined by the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 – SI2001/544 (or any successor Act).
Designated Representative	The person nominated to represent an unincorporated Corporate Member.
Different Term Share Accounts	Share accounts which have different conditions regarding either the notice period for the withdrawal of shares or the term of the deposit.
Directly Qualifying Member	A member who fulfils the criteria of Rule 20.3
Director	A member of the Board of Directors of the Credit Union.
Dividend Bearing Share	A share issued on terms which entitle the shareholder to dividend but no interest.
Elected Director	A Director who has been elected but has not yet been approved by the Regulator.
Executive Director	A director who has taken personal responsibility for prescribed responsibilities under the regulatory regime. Executive Directors are defined as those Directors who also hold employment in the credit union and are actively involved in the day-to-day

	management, operations and strategic implementation.
Fit and Proper	As defined by the Regulator
General Meeting	A Meeting of Members as per Rule 30.3
Interest Bearing Share	A share issued on terms which entitle the shareholder to interest but no dividend.
Issue Document	The document produced in accordance with any issue of Deferred Shares of the Credit Union which defines the terms and condition of issue.
Juvenile Depositor	A depositor under the age of 16, or 18 if in full time education , as defined by Rule 20.6
Juvenile Deposits	Deposits made or held by Juvenile Depositors
Lien	The right to take another's property (e.g. savings) if an obligation (e.g. loan repayment) is not discharged.
Member	Has the meaning attached to it under Rules 20.1 to 20.8 of these Rules and, unless the context requires otherwise, includes individuals, corporate bodies and designated representatives of unincorporated associations and partnerships.
Nominated Director	A Director who has been nominated and but has not yet been approved by the Regulator.
Non-Executive Director	Non-Executive Directors provide independent oversight of executive performance, financial controls and risk management whilst participating in high level strategic planning and policy development. Their primary duty is to act in the best interest of the members.
Non-Qualifying Member	A member who fulfils the criteria of Rule 20.7
Operating Procedures	The Credit Union's internal methodology for conducting its business as applied by its employees.
Partner	The person nominated to represent an unincorporated Corporate Member.
Reasonable Efforts	The level of effort required to satisfy the 'reasonable efforts' criteria is made on a case by case basis by the Credit Union giving consideration to the importance and materiality of the matter in hand.
Reasonable Request	Any request which the Credit Union considers not being mischievous, vexatious, etc. and which will not, in the opinion of the Credit Union, inflict a cost on the Credit Union which is disproportionate to the perceived benefit to the member.
Recognised Supervisory Body	A body authorised to regulate and register Registered Auditors
Relative	As is defined in the Credit Union's Conflict of Interest Policies

Registered Auditor	A firm that undertakes regulated audit work and that is registered with a Recognised Supervisory Body.
Regulator	The Prudential Regulation Authority and the Financial Conduct Authority (or their successor bodies).
Relevant Authorities	The Prudential Regulation Authority and the Financial Conduct Authority (or their successor bodies) or any other such relevant body.
Rule	Any provision within the Credit Union's Rule Book as approved by the Regulator.
Shares	Unless otherwise prefixed or implied, all references to "shares" in this Rule Book refer to Dividend Bearing Shares.
Website	The website operated by the Credit Union with a URL of www.scotwest.co.uk or www.scotwest.scot or other such URL as deemed appropriate.
Writing	The representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.

130 Chronology of Rule Book Changes

Amendments to the Rules of the Credit Union have been made as follows:

Date Amendments Approved by Regulator	Details of Amendments
February 1991	Original Version
November 1998	Inclusion of Section 11c
October 2003	Inclusion of CRED
July 2004	Following November 2003 AGM
August 2005	Following June 2005 EGM
June 2006	Following May EGM
October 2006	Following October 2006
March 2012	Following implementation of the Legislative Reform (Industrial and Provident Societies and Credit Union) Order 2011
September 2012	Amendments per agreement with the FSA following the November 2014 2012 AGM
January 2016	Amendments per agreement with FCA following the November 2015 AGM; amendment to Select Employer Partners and inclusion of additional paragraph re Dormancy Procedures
May 2019	Amendment to Named Employers; alteration of minimum age for membership from 18 to 16, and removal of term Young Member; removal of rule 20.7 pertaining to Young Members; renumbering of rules 20.8 through 20.14; amendment to replace term Junior Saver with Juvenile Depositor; additional wording to allow for the immediate expulsion of a member where they have committed fraud or attempted to commit fraud; additional wording added to clarify that a member with an outstanding liability to Scotwest will not be expelled due to dormancy
Jan 2020	Amendments to our named employers in line with our marketing strategy and to incorporate changes in business names; amendments to allow for flexibility in Directors' term limits in extraordinary circumstances; amendment to allow ex-Directors to participate in and assist with Directors' training activities; amendment to account for change in process whereby members who are registered for online banking will not automatically receive a printed annual statement.
Jan 2021	Amendment to Named Employers; expansion to circumstances where members may be summarily expelled for misconduct; clarification around permitted formats and voting arrangements at General Meetings; clarification around members who are excluded from standing for election to the Board of Directors; clarification around circumstances where Directors are required to stand down, particularly as a result of adverse financial issues.
Mar 2022	Amendment to Common Bond to include anyone living or working in the Highland, Perth and Kinross, Stirling and Dumfries and Galloway Council areas in addition to existing local authority areas (ex-Strathclyde Regional Council); amendment to Named Employers; updates to reflect nature of General Meetings no longer being held in person only; amendments to rules around reasons for expulsion and investigation and appeals procedures; amendments to allow for flexibility in Directors' term limits in extraordinary circumstances;

	update to amend constitution of Nominations Committee; removal of outdated section around minimum standard of competence requirements for Directors; clarification provided that member share accounts are for personal use only.
January 2023	Updates to our named employers in line with our growth strategy; addition made to clarify potential reasons for expulsion; wording amendments to clarify logistics surrounding Director term extensions.
November 2024	Updates to our named employers; amendment to Directors 'vesting date' following AGM date change from December to February.

Signed:

Member

Date

Member

Date

Member

Date

Secretary

Date