

RULES

of the

MANX CREDIT UNION LIMITED

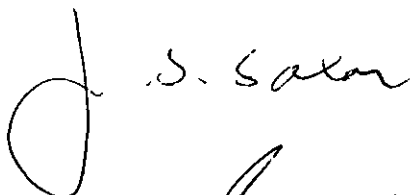
(amended April 2019)

DAVID TALBOT

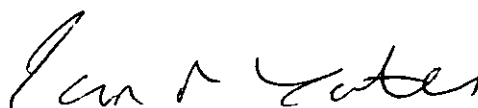


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INTERPRETATION

Rules of the Manx Credit Union Limited

REGISTERED OFFICE, OBJECTS AND POWERS

1 Credit Union Name

The name of this credit union shall be Manx Credit Union Limited herein referred to as 'the credit union'

2 Credit Union Registered Office

The registered office of the credit union shall be at Nadine House, 13 North Quay, Douglas, Isle of Man, IM1 4LE, or at such other place as may be determined from time to time by the Board of Directors. Notice of any change in the situation of the registered office shall be sent to the relevant authorities

3 Credit Union Objects

The objects of the credit union shall be

- a the promotion of thrift among the members of the credit union by the accumulation of their savings,
- b the creation of sources of credit for the benefit of the members of the credit union at a fair and reasonable rate of interest,
- c the use and control of the members' savings for their mutual benefit, and
- d the training and education of the members in the wise use of money and in the management of their financial affairs

4 Permissions, Power to Accomplish Objects and Social Goals

4.1 The credit union shall operate subject to such permission(s) as may be granted by the relevant Isle of Man legislation and directions of the Authority

4.2 The credit union shall have full power, subject to law, to do all things necessary for the accomplishment of its objects, including the creation of a reserve out of profits to finance activities needed to accomplish Rule 3 (d)

4.3 The credit union, may, by resolution of its Board of Directors, adopt one or both of the following additional social goals within its policies

- a to contribute towards the alleviation of poverty within the community,
 - b to contribute towards the economic regeneration of the community,
- provided that these are only pursued within the objects of the credit union in accordance with Rule 3

MEMBERSHIP

5 Membership Qualification

The qualification for admission to membership of the credit union shall be residency in the Isle of Man so that in consequence thereof there shall be a common bond between all the members

6 Application for Membership

6.1 An applicant may be admitted to membership of the credit union, provided that it has been determined that the applicant fulfils the membership qualifications for entry to membership as set out in Rule 5 and Rule 17.1

6.2 Individual applicants must complete and submit a membership application form, providing their identification information and sufficient evidence to prove their identity and address, as required to comply with applicable legislation and regulations

6.3 Persons under the age of sixteen may be members of the credit union and they shall be regarded as junior members. Persons under the age of sixteen and, where applicable their sponsors, must complete and submit a membership application form providing their identification information and sufficient evidence to prove their identity and address, as required to comply with applicable legislation and regulations

6.4 Corporate membership applicants must complete and submit a membership application form, providing sufficient evidence to prove the organisation's identity and address, as required to comply with applicable legislation and regulations. A corporate member must nominate an individual to exercise the rights of membership on its behalf

6.5 The number of corporate members shall not at any time exceed 10% of the total number of members of the credit union, or such percentage as may be specified by the Authority

Rules of the Manx Credit Union Limited

7 Entrance Fee and Annual Administration Fee

In addition to the requirements of Rule 17 and Rule 21, and with the approval of a meeting of members, the Board of Directors shall

- a have discretion to levy an entrance fee on all members, and
- b the entrance fee shall not exceed £5 or such other reasonable amount sufficient to cover the joining costs of membership as may be specified by the Board of Directors from time to time and agreed by the members at the Annual General Meeting
- c have discretion to levy an annual administration fee on all members, and
- d the annual administration fee shall not exceed £5 per annum or such other reasonable amount sufficient to cover the administration costs of membership as may be specified by the Board of Directors from time to time and agreed by the members at the Annual General Meeting

8 Members and Joint Accounts

Subject to approval by the Board of Directors in principle, two members who qualify under the common bond qualification may choose to operate a joint account

- a the credit union shall determine terms of operating a joint account which will include the requirement that the account is operated on the basis of each member holding a 50% share,
- b both members shall be held jointly and severally liable for repayment of any loan,
- c subject to any contrary written agreement, in the event of the death of one of the holders of a joint account, the joint account shall become the property of the survivor

9 Non-Qualifying Members

A non-qualifying member is defined as a person who was eligible for membership when he or she became a member of the credit union, but subsequently ceased to qualify. The total number of non-qualifying members in this credit union may not exceed 10% of the total membership. Should this occur, the Board reserves the right to invoke Rule 12 1j against any non-qualifying member.

10 Minimum and Maximum Number of Members

The minimum number of members of the credit union shall be 21 and the maximum number of members shall be 5,000 or a maximum determined by the Authority, whichever is the lower

CESSATION OF MEMBERSHIP

11. Cessation of Membership

An individual person shall cease to be a member of the credit union

- a on death,
- b on withdrawal of their shares from the credit union and terminating their account,
- c if their shareholding is below the minimum shareholding of £5 as described in Rule 20,
- d on expulsion from the credit union in accordance with Rules 12, 13 and 14

12 Expulsion from Membership

12 1 Subject to Rule 13, a member may be expelled from membership of the credit union by resolution of the majority present at a meeting of the Board of Directors, for a grave and sufficient reason including, but not limited to, the following

- a wilful and persistent breach of, or refusal to comply with, any of these rules,
- b divulging confidential information obtained by reason of being an officer of the credit union,
- c deceiving the credit union with regard to the purpose of money borrowed there from and its subsequent use,
- d default and continual refusal to honour a debt, the loan repayment terms of which had been agreed in a signed loan agreement,
- e maliciously and knowingly spreading false reports about the management of the finances of the credit union,
- f wilfully making any entry, or erasure in, or omission from any passbook, record or return of the credit union with intent to falsify it,
- g using the credit union as a vehicle for committing an offence constituting money laundering as defined in legislation,
- h allowing their membership to become dormant and failing to rectify the situation in accordance with Rule 15,
- i abusive behaviour towards credit union staff or volunteers,
- j becoming a non-qualifying member contrary to, or in excess of any limit in, these rules,
- k committing an offence of dishonesty against the credit union, wilfully destroying or damaging records or other property of the credit union, or passing forged notes or other instruments through the credit union, or

Rules of the Manx Credit Union Limited

If, after admission, any declaration in their application for membership is found to be wilfully false or misleading or any defect is discovered in respect of their qualifications for membership at the time of their admission which, in the opinion of the Board of Directors, is of such consequence as to justify expulsion

12.2 Prior to expulsion, the member must have been given at least 14 days notice in writing before the meeting. S/he must be given opportunity to be heard and /or represented at the meeting

12.3 The decision to expel shall not relieve such member from any liability thereto existing at the time of their withdrawal or expulsion

12.4 The repayment of any shares to the member will be withheld until all liabilities have been repaid to the credit union

13 Notice of Expulsion

Any subsequent notice of expulsion shall not become effective until 30 days after the date of service of such notice of expulsion or until the determination of his or her appeal, if any, under Rule 14, whichever is the later

14 Appeal against Expulsion

The Board of Directors shall, upon written request of the member on whom the notice of expulsion has been served in accordance with Rule 13, received not later than 30 days after the date on which such notice has been served to the member, convene a Special General Meeting of the members to consider the matter of their expulsion. Such a member shall have the right to be represented and heard at such a meeting. The Special General Meeting shall have the power, by a majority decision, to confirm the member's expulsion or to direct that the member shall remain a member of the credit union

15 Dormant Membership

15.1 If during a period of 12 months no transactions have taken place on the account (or accounts) of a member, the Board of Directors shall have discretion to declare that the account has become dormant. The Board may take account of any extenuating circumstances in making this determination

15.2 In relation to a member whose account complies with or is higher than the minimum shareholding level in Rule 19, the credit union shall alert the member to the dormancy by following this procedure

15.3 The credit union shall contact in writing at the last known address and inform the member that their account (or accounts) has had no transactions for the previous 12 months and inform them that they must contact the credit union within three months to determine the future of their account

- a the letter shall contain information on reactivating or closing the account and withdrawing from membership,
- b the letter shall refer to Rule 15.1 which enables the credit union to remove dormant accounts into a suspense account and subsequently expel the member from membership

15.4 If after a period of three months the member does not respond and/or reactivate their account (or accounts) from receipt of the letter (as per Rule 15.3) from the credit union, the Board of Directors has the discretion to

- a hold any monies within the account or accounts of such a member in a suspense account pending the member's subsequent withdrawal of their money, or activity on the account,
- b expel the member from membership in accordance with Rule 12.1(h)

16 Withdrawal from Membership

A member may voluntarily withdraw from membership of the credit union at any time by applying for and receiving his or her shareholding in the credit union

SHARES

17 Shares

17.1 The shares of the credit union shall be of the value of £1 and the first share needs to be fully paid-up prior to any other transactions taking place in the member's account

17.2 Shares shall be withdrawable subject to the provisions of Rules 21 and 22

17.3 Shares in the credit union shall not be transferrable

17A. Deferred Shares

17A 1 The credit union may only issue deferred shares to individuals or corporate members that are eligible for membership under the membership qualification in Rule 5

17A 2 The credit union shall transfer to its reserves a sum equal to the amount paid up on deferred shares

17A 3 The credit union shall set out the rights and obligations of the credit union and the member in respect of deferred shares in a single document, or in a series of issue documents, which will be provided to every applicant for the shares. These will include

- a a prominent statement in one of the issue documents that the shares are deferred for the purposes of the Credit Unions Act 1993,
- b a prominent statement in each of the issue documents that the shares are not covered by any statutory compensation scheme,
- c a term in one of the issue documents which prohibits the repayment of any principal to the shareholder except in Case A or Case B

Case A – is the winding up or dissolution of the credit union in circumstances where all sums due from the credit union to creditors claiming in the winding up or dissolution are paid in full (Creditors include members holding shares, other than deferred shares, in the credit union, as regards the principal of those shares and any interest or dividend due to them)

Case B – is where

- i the credit union applies to the Authority for consent to repay principal to the shareholder,
- ii the credit union so applies otherwise than in consequence of a provision in any of the issue documents which requires it to apply, grants it any benefit for applying or imposes a sanction against failure to apply, and,
- iii the Authority grants consent

17A 4 Deferred shares carry the right to vote but, even if a member holds other types of shares, that member shall only have one vote

17A 5 A member may not use the value of the deferred shares they hold to apply for a loan or provide a guarantee for another member's loan

17A 6 Deferred shares will not be withdrawable, but may be transferable to another person, providing that the person is eligible for membership of the credit union and is accepted as a member

18 Attachment of Shares

18 1 Subject to the provisions set out in Rule 25, the credit union may make to a member a loan, upon such security (or without security) and terms and rules established by the credit union

18 2 When the credit union makes a loan to a member which is treated as a secured loan, the member shall not be permitted to withdraw shares where his or her paid-up shareholding in the credit union is, or following the withdrawal would be, less than their total liability (including contingent liability) to the credit union whether as a borrower, guarantor or otherwise

18 3 When a credit union makes a loan to a member and it is not a secured loan within the meaning set out in Rule 18 2, the terms of the loan must include provision as to whether, for the duration of the loan, the borrower is permitted to withdraw shares where his or her paid-up shareholding in the credit union is, or following the withdrawal would be, less than their total liability (including contingent liability) to the credit union whether as a borrower, guarantor or otherwise

19 Maximum Shareholding

19 1 A member of the credit union shall not have or claim any interest in the shares of the credit union exceeding £5,000

19 2 The maximum shareholding limit in a joint account shall be double the limit in Rule 19 1,

- a 50% of the shareholding held in a joint account shall contribute towards the maximum shareholding of an individual member in Rule 19 1,
- b for the purposes of calculating a member's total shareholding the amount held in the member's sole account and the amount held in a joint account as per Rule 19 2(a) shall be amalgamated

Rules of the Manx Credit Union Limited

20 Minimum Shareholding

The minimum shareholding required to maintain membership of the credit union is £5. The Board of Directors shall have absolute discretion to withdraw membership from any member whose account has not been brought up to the minimum shareholding requirement within 3 months of admission to membership, or any member whose account is reduced below the minimum shareholding.

21 Withdrawal of Shares

21.1 Subject to Rules 18, 20, 21.2 and 21.3, shares in the credit union shall be withdrawable but the credit union shall not issue shares except on terms enabling it to require not less than 60 days' notice of withdrawal.

21.2 If a withdrawal of shares would reduce a member's paid-up shareholding in the credit union to less than his or her total liability (including contingent liability) to the credit union whether as borrower, guarantor or otherwise, then

- a in the case of a non-qualifying member the withdrawal shall not be permitted, and,
- b in any other case the withdrawal shall be permitted only at the discretion of the Board.

21.3 A junior member shall have access to withdraw their shares, subject to any withdrawal limits specified by their sponsor and Rule 21.1.

22 Liability after Withdrawal or Expulsion

The amount deposited by a member who withdraws or is expelled shall be paid to him or her as funds become available, but only after all monies owed by him or her to the credit union have been deducted. Any amount due to a withdrawn or expelled member will be repaid within a period of 60 days, beginning on the day following the expulsion or notice of intention of withdrawal. No payment of any description shall be paid to such a member, unless all his or her liabilities to the credit union have been fully discharged or provision made for those liabilities.

23 Insurance on Shares

23.1 The Board of Directors of the credit union may enter into arrangements with a person carrying on the business of insurance for the purposes of providing insurance cover or discretionary benefit on the life of the members of the credit union in relation to their shareholding therein and any monies paid to the credit union by virtue of the said insurance or discretionary benefit arrangements shall be credited to the share account of the insured member subject to the provisions of Rule 19.

23.2 The Board of Directors shall ensure that there is sufficient cover in place, as provided by an independent entity, to ensure that each member of the credit union will be repaid the value of their shareholding, less any of their outstanding loans and liabilities, in the event of the liquidation of the credit union.

24 Interest-Bearing Shares

If the credit union decides to issue interest-bearing shares it will establish policies and procedures for the issue of such shares and to deal with the orderly conversion to non-interest bearing shares if the shares are no longer required.

LOANS TO MEMBERS

25 Loan Policy

The Board of Directors shall determine a loan policy which shall apply equally to all members. This shall include but not be limited to the following:

- a subject to the provisions of Rule 18, the Board shall establish a criterion to determine if and what sum of a member's shares may be attached by the terms of the loan agreement, for the duration of the repayment of a loan,
- b the total amount on loan to a member of the credit union shall not at any time be more than £5,000 (or such other sum as may from time to time be prescribed) in excess of the member's total paid-up shareholding in the credit union at that time,
- c any limits or requirement relating to secured and unsecured loans,
- d the rate (or rates) of interest charged on loans (not to exceed a rate of three per cent per month on the reducing balance of the loan, or such other rate as may be prescribed by law), which shall include all administrative charges and other expenses incurred in making and managing the loan,
- e the application procedure for loans,
- f members under the age of 18 may not receive a loan or act as a guarantor for a loan, except where the credit union, in exceptional circumstances, may offer a loan that is guaranteed for a young person over the age 16 years and under the age of 18 years,
- g corporate members may not receive a loan.

Rules of the Manx Credit Union Limited

26 Loans to Joint Accounts

In accordance with Rule 8(b), two members agreeing to take out a loan on a joint account shall be held jointly and severally liable for repayment of the loan

27 Guarantors

A credit union member may use his or her shares to guarantee another member's loan

28 Loans to Directors, Officers, Employees and Volunteers of the Credit Union

An officer, if a member of the credit union, may be granted a loan. Such a member may not be involved in the decision to grant the loan and the Board of Directors shall be informed of the details of every such application, and who approved it, within 14 days of its approval

29 Insurance on Loans

The Board of Directors of the credit union may enter into arrangements with person(s) carrying on the business of insurance for the purposes of providing insurance cover or discretionary benefit on the liability of any member to the credit union

30 Recovery of Debt

30.1 The credit union must make adequate provision for bad and doubtful debt

30.2 The Board of Directors shall establish and maintain a credit control policy which shall include but not be limited to the following

- a trigger points for commencement of credit control procedures,
- b reference to credit control letters,
- c mediation procedures for delinquent members,
- d reference to enforcement procedures for collection of debt subject to the maximum power of the law

30.3 All sums and applicable debt recovery costs due from any member shall be recoverable from him or her, his or her executors or administrator, as a debt due to the credit union

30.4 The credit union shall have a lien on any shares of a member for any debt due to it by the member or for any debt which the member has guaranteed, and may set off any sum standing to the member's credit, including any shares, interest rebate and dividends, in or towards, payment of such debt

30.5 Any person knowingly responsible for the issue of a loan to a person other than a member of the credit union shall be jointly and severally liable with the borrower to the credit union in the amount of the loan and accrued interest

APPLICATION OF PROFITS

31 Calculation of Surplus

In ascertaining the profit or loss resulting from the operations of the credit union during any year of account, all operating expenses in that year shall be taken into account (including payments of interest) and provision shall be made for depreciation of assets, for tax liabilities and for bad and doubtful debts

32 Institutional Capital

The credit union shall out of its surplus each year establish and maintain reserves

33. Distribution of Surplus

The credit union may allocate any remaining surplus in the following manner

- a a voluntary transfer to further develop the institutional capital of the credit union,
- b a voluntary transfer to a reserve as per Rule 4,
- c subject to Rule 34.1, in the payment to members of dividends on the amount of their paid up shares,
- d subject to Rule 35, 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 members during that year of account, and
- e after a dividend and / or rebate of loan interest has been paid – for social, cultural or charitable purposes

Rules of the Manx Credit Union Limited

34 Dividend on Shares

34 1 Subject to the provisions in Rule 33 and 34 6 below and provided that a surplus has been achieved, a dividend on members' shares not exceeding 8% may be recommended by the Board of Directors for declaration at the Annual General Meeting

34 2 At each Annual General Meeting members may be formally asked to delegate to the Board such powers as may be necessary to declare interim dividends and establish differential dividend rates on different term savings accounts

34 3 No dividend declared and authorised for payment by the members in meetings shall exceed the rate recommended by the Board of Directors

34 4 A dividend shall be declared on all fully paid shares (excluding any interest-bearing shares) held during the preceding financial year or interim period Shares held for less than the full year shall be entitled to a proportional part of the dividend

34 5 Dividends will only be paid to those in membership of the credit union on the date that the dividend is declared

34 6 When a credit union is in the process of winding up, or seeking permission of the Authority to be dissolved, it may not pay a dividend on shares Any remaining surplus must be transferred to another credit union or used for charitable purposes

35 Rebate of Interest on Loans

Provided that a dividend on shares has been recommended by the Board of Directors in accordance with Rule 34 1, a rebate on interest may be recommended by the Board of Directors for declaration by the members at the Annual General Meeting No rebate of interest declared and authorised for payment by the members in meetings shall exceed the rate recommended by the Board of Directors Entitlement to rebate of interest is as per Rule 36

36 Payment of Dividends and Interest Rebates

Dividends and interest rebates due to any member may be placed to the credit of his or her share balance, and shall so be placed in any case where there is any money due by him or her to the credit union whether as borrower, guarantor or otherwise in excess of his or her shareholding in the credit union, unless the application of such dividend or interest rebate would increase his or her share holding in the credit union to an amount exceeding the maximum shareholding permitted by these Rules In instances where a member's maximum shareholding would be exceeded, the full amount of the dividend or interest rebate will be remitted to the member

MEMBERS' MEETINGS

37 Members' Meetings

37 1 Meetings of the credit union shall be either Annual General Meetings or Special General Meetings Every member holding at least five shares shall be entitled to attend such meetings on production of such evidence as the Board of Directors may from time to time determine

37 2 At least 21 days before the date of a Special General Meeting of members, the Secretary shall cause written notice of the date, time and place of the meeting to be given to each member, except where the Board of Directors so determines, notice of any meeting may be given by posting a notice of the meeting in every office or place of business that is readily accessible to members of the credit union where it may be read by the members, including any internet site operated by the credit union, at least 21 days prior to such a meeting Electronic transmission of notice of a meeting will be considered effective notice A member has the right to receive a hard copy of such notice if they so indicate in writing to the Secretary

37 3 When notice is received generally by the members of the credit union, the accidental omission to give notice to any member thereof or the non-receipt of the notice by any member thereof shall not invalidate any resolution passed or any proceedings taken at the meeting

37 4 Written notice shall also be sent to the Auditor at his or her address recorded in the books of the credit union

38 Annual General Meeting

38 1 The Annual General Meeting shall be held no later than five months following on from the end of the previous financial year The date, time and place of such Annual General Meeting to be determined by the Board of Directors in compliance with this rule

Rules of the Manx Credit Union Limited

38 2 At least 35 days before the date of the Annual General Meeting the Secretary shall cause a written preliminary notice of the date of the meeting to be sent to each member with a requirement to submit nominations of Directors and resolutions to the registered office at least 27 days before the meeting

38 3 At least 21 days before the Annual General Meeting, the Secretary shall cause a written notice of the date, time and place of the meeting to be sent to each member, together with a voting paper listing nominations for Directors and resolutions to be discussed at the meeting

38 4 Should the Board of Directors fail to hold the Annual General Meeting as required under Rule 38 1, then the Secretary shall notify the members and call the meeting independently

39 Order of Business at the Annual General Meeting

The order of business at the Annual General Meeting of the members shall be

- a ascertain a quorum is present as per Rule 44,
- b the reading and approval of the minutes of the last annual general meeting and of any intervening special general meeting,
- c Board report,
- d Treasurer's report,
- e Auditor's report,
- f Declaration of surplus available for distribution and a Board of Directors recommendation of application of same,
- g delegation of power to the Board of Directors to grant interim dividends, differential dividends as per Rule 34 4, and set interest rates,
- h Credit Committee report,
- i Supervisor's report,
- j Appointment of Auditors,
- k Motions,
- ! Elections

40 Proxy Voting Procedures

40 1 The Board may authorise proxy voting for the Annual General Meeting, but this cannot extend to rule amendments. If authorised, instructions for proxy voting will be noted on the voting paper in Rule 38 3

40 2 Those voting by proxy must ensure that completed voting papers are received in the registered office, at least three days prior to the meeting

41. Special General Meeting called by the Credit Union

41 1 Any general meeting of the credit union, other than an Annual General Meeting, shall be a Special General Meeting

41 2 The Board of Directors may, for good and sufficient reason, convene a Special General Meeting for any purpose not provided for elsewhere in these Rules

42 Special General Meeting called by the Members

42 1 Upon application signed by one tenth of the whole membership, or 100 members, whichever is the lesser number, delivered to the credit union at its registered address, the Board of Directors shall convene a Special General Meeting of members, provided such an application states the business to be conducted

42 2 If, within one month from the date of receipt of such application the Board of Directors have not convened a Special General Meeting to be held within six weeks of the said date, any three members acting on behalf of the signatories to the application may convene a Special General Meeting and shall have a claim on the credit union for all costs properly incurred in convening such a meeting

43 Business at a Special General Meeting

43 1 A Special General Meeting shall not conduct any business not specified in the notice convening it

43 2 An Annual General Meeting may be made a Special General Meeting for any purpose for which due notice has been given, provided that such business is not brought on until the business of the Annual General Meeting is concluded

Rules of the Manx Credit Union Limited

44 Quorum

44 1 Fifteen members or 10% of the membership, whichever is the lesser number, shall constitute a quorum. A meeting may proceed to business if a quorum is present within half an hour after the time fixed for commencement of the meeting. If after this time a quorum is not established the meeting shall be adjourned to a later date within 28 days when the meeting so adjourned may proceed to business whatever the number of members present.

44 2 A Special General Meeting convened by the Board of Directors where a quorum cannot be established within the required time, shall be adjourned to a later date within 28 days when the meeting may proceed to business whatever the number of members present.

44 3 A Special General Meeting, convened on the requisition of the members where a quorum cannot be established within the required time, shall be dissolved.

44 4 No meeting shall become incompetent to transact business from the want of a quorum arising after the chair has been taken.

45 Voting Rights

45 1 Each member over the age of 18 shall have only one vote on each question at a meeting of the members of the credit union, irrespective of the size of his or her shareholding in the credit union. Members under the age of 18 are not eligible to vote at meetings of the credit union. The Board of Directors may authorise proxy voting except for amendments of rules.

45 2 Votes at a meeting shall be by show of hands, unless a secret ballot is demanded by the Board of Directors or by ten members present at the meeting. Subject to any provision of law or these rules, all resolutions shall be carried by a simple majority of votes cast.

45 3 The person chairing any meeting of the Board or meeting of members shall not have a second and casting vote.

46 Chairing the Meeting

Every meeting of members shall have a Chairperson. If the Chairperson or Vice-Chairperson is not present, the Board of Directors shall elect one of their number to chair the meeting.

47 Adjournment of Meetings

47 1 Any meeting of the members may for good and sufficient reason be adjourned at the discretion of the Chairperson.

47 2 The provisions concerning notice, voting and quorum shall apply to an adjourned meeting and no business other than that appearing on the original agenda and left unfinished shall be transacted.

NOMINATING AND ELECTING OFFICERS

48 Nomination for Election

48 1 Nominations for Directors shall be in writing signed by a proposer and seconder, who shall be members of the credit union and also by the nominee to indicate consent, and shall be sent by hand or by post so as to reach the registered office of the credit union not less than 27 days before the date of the Annual General Meeting.

48 2 If there are outstanding vacancies, the Chairperson of the meeting may call for further nominations from the floor. Such nominations if duly seconded and if the nominee is present and consents or has given his or her consent in writing, shall be in order.

49 Nominations Committee

The Board of Directors may appoint a Nominations Committee of not less than three members of the credit union. The Nominations Committee shall ascertain the number of vacant posts requiring elected candidates and ensure that there is at least one suitable candidate to recommend to the Annual General Meeting for each vacancy for which an election is to be held. In making their recommendation, the Nominations Committee shall ascertain that the nominee is "fit and proper" to become a key person and is a member of the credit union. The Nominations Committee shall adhere to any policy established by the Board in relation to the election of representatives. The Nominations Committee will also be responsible for identifying and recommending potential co-options on to the Board of Directors to fill any vacancies. The Board may delegate powers to the Nominations Committee to manage applications for key persons' status.

Rules of the Manx Credit Union Limited

50 Election Procedures

50 1 The election of Directors as set out in Rule 48 1 shall take place at the Annual General Meeting

50 2 When for any election the number of nominees is equal to the number of vacancies to be filled the Chairperson of the meeting shall ask the meeting to declare all nominees elected. Such a motion shall be carried by a show of hands

50 3 Where for any election there is more than one vacancy to be filled and more nominees than there are vacancies, the voting will be conducted in accordance with Rule 45 2. Where a secret ballot is agreed each member shall write on the ballot paper the names of the nominees of his or her choice, but only such numbers of nominees as there are vacancies to be filled. Tellers appointed by the Chairperson shall count the ballot papers and those nominees receiving the highest number of votes shall be declared elected so that all vacancies are filled

51 Prohibition of certain persons as Officers

51 1 A member under the age of 18 years cannot be elected as a Treasurer, Director, manager, officer, committee member, or trustee

51 2 A person who knows of any substantive reason why he or she may not be regarded as "fit and proper", or who is an un-discharged bankrupt, shall not,

- a act as an officer of the credit union, or
- b directly or indirectly take part in or be concerned with the management of the credit union, or
- c permit his or her name to be put forward for election or appointment to any office in the credit union

51 3 When a person holding any office in the credit union becomes ineligible by virtue of this Rule to hold that office, he or she shall immediately cease to hold that office

DIRECTORS

52 Number of Directors

52 1 The number of Directors of the credit union shall not be less than five or more than 15 as may be determined annually by members at an Annual General Meeting

52 2 Directors, other than those appointed under Rule 59, shall be elected in accordance with Rule 45 2

52 3 Subject to the provisions in Rules 50 2, 54 and 60(i), members at an Annual General Meeting, may determine that a number not exceeding one-third of the body of Directors identified in Rule 52 1 may be elected from amongst members who are employed by the credit union. Members so elected will remain subject to their individual terms and conditions of engagement

52 4 The Board of Directors has the power to divide itself into a number of constituencies to ensure that the Board consists of representatives of all areas, employer groups, sections and other diverse groups covered by the credit union

53 Terms of Office

At the first Annual General Meeting following the authorisation of the credit union the Directors then in office shall retire. The Directors then elected shall be divided by lot, or such other manner as the Board of Directors may determine, into three equal groups or as near as circumstances permit

- a the first group shall retire at the second Annual General Meeting following the registration of these rules,
- b the second group shall retire at the third Annual General Meeting following the registration of these rules,
- c the third group shall retire at the fourth Annual General Meeting following the registration of these rules,
- d all Directors shall be eligible for re-nomination and re-election,
- e regular terms of office for Directors shall thereafter be three years

54. Regular Meetings

54 1 Meetings of the Board of Directors shall be held not less than four times a year, with the date, time and place to be decided by the Directors

54 2 All meetings shall be notified in such manner as the Board may, from time to time, determine

Rules of the Manx Credit Union Limited

55 Requesting a Special Meeting

The Chairperson, or in his or her absence the Vice-Chairperson, may call a Special Meeting of the Board of Directors at any time, and shall do so on receipt of a request in writing signed by at least three Directors. The Chairperson, or in his or her absence the Vice-Chairperson, shall fix the date, time and place of such a meeting, unless the Board of Directors by resolution prescribes otherwise.

56 Board Quorum

56.1 A majority of the Directors shall constitute a quorum for the transaction of business at any meeting of the Board (The majority means that more than 50% of the extant Directors must be in attendance for the full duration of a board meeting.)

56.2 The quorum for any adjourned meeting of the Directors shall be three or such greater number as the Board of Directors shall decide by resolution. Notice of an adjourned meeting shall be given as provided for in Rule 54.2.

57 Voting at Board Meetings

57.1 Questions arising at any meeting of Directors shall be decided by a majority of votes.

57.2 Each Director shall have one vote on any matter under consideration. In the event of an equality of votes on any issue debated the status quo will stand.

57.3 A Director may not vote by proxy at a meeting of the Directors or any sub-committee of same.

58 Failure to Attend Meetings

Any Director who without due reason accepted by the Board fails to attend three consecutive Board meetings shall, if the Board of Directors so resolve, be deemed to have vacated his or her office.

59 Casual Vacancy

A casual vacancy on the Board of Directors shall, as soon as practicable, be filled by a vote of the majority of Directors then holding office. A co-opted Director so appointed shall, subject to ratification at the next Annual General Meeting, hold office for the remainder of the unexpired term of office.

60 Vacation of Office

An elected individual serving the credit union shall immediately cease to hold office or Committee position if he or she

- a ceases to be a member of the credit union,
- b is deemed by the Authority as not fit and proper,
- c is adjudged bankrupt or makes an arrangement or composition with their own creditors,
- d is in contravention of Rule 51,
- e becomes a patient within the meaning of the Mental Health Act 1998 (or such subsequent legislation),
- f resigns their office by notice in writing to the Secretary,
- g is deemed to have vacated their office in accordance with Rule 58,
- h is removed by a resolution, approved by a majority of at least three quarters of the members present at a Special General Meeting called for that purpose by the Board of Directors or under the provisions of Rule 42 provided that such a person shall be given at least 14 days notice of the meeting and of the intention to remove him or her from office,
- i becomes an employee of the credit union and the number of employees on the Board of Directors would exceed one-third of the number of Directors (subject to Rule 52). This does not apply to the Treasurer designated as the General Manager.

61 Delegation of Powers

61.1 The Authority of the Board resides with a properly constituted meeting of the Board of Directors. Outside of a Board meeting an individual Director or Directors have only the specific authority to act in a specified area as may from time to time be delegated within Rule 64.

61.2 The Board of Directors may delegate any of their powers to committees. In such instances, committees shall be given clear terms of reference about their delegated responsibilities and conform in all respects to these instructions, including any requirements regarding reporting, given to them by the Board of Directors.

62 Validity of Actions

All acts authorised by any meeting of the Board of Directors or of a committee or by any Directors acting in pursuance of authority duly given shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment or qualification of any Director, be as valid as if such director had been duly appointed or qualified

63 Payment of Expenses and Honoraria

63 1 Any officer may receive reasonable out of pocket expenses. Such expenses shall be approved by a majority vote of the Board of Directors

63 2 Any officer may, by resolution of the members at the Annual General Meeting, receive such honoraria as may from time to time be approved

64 Responsibilities of Directors

Subject to legislation and these Rules, the Board of Directors shall have the general direction, development and control of the affairs of the credit union and shall be responsible for performing all the duties customarily performed by the Board of Directors. This shall include but not be limited to the following

- a ensure that the credit union complies with all legislation and requirements imposed by the Authority,
- b as set out in these rules, establish appropriate policies and procedures and systems of control to enable the safe and efficient operation of the credit union,
- c maintain a working business plan so as to enable the development of the credit union,
- d maintain and develop provisioning and liquidity management policies,
- e maintain in force insurance against fraud and other dishonesty as required by legislation, and make any other insurance arrangements necessary or desirable for the protection of the credit union and its members,
- f employ and determine the terms of employment, remuneration and pension arrangements of such persons as the Board of Directors considers necessary for the purposes of the credit union,
- g delegate to employees and volunteers the authority to establish and perform the operational functions of the credit union,
- h determine the range of savings and loan products that may be offered by the credit union,
- i make decisions in respect of the investment of surplus funds of the credit union in accordance with legislation,
- j recommend any honoraria which any officer may receive for his or her services on behalf of the credit union, subject to the approval of the Annual General Meeting provided that the meeting may not increase the amount recommended by the Board of Directors,
- k pay any expenses necessarily incurred by any officer, delegate or representative of the credit union in carrying out the business of the credit union,
- l borrow money for the credit union subject to legislation,
- m determine which authorised banks may be used for the deposit of funds of the credit union and the signatories to cheques or other written instruments on behalf of the credit union,
- n establish and terminate such committees as it deems necessary or desirable from time to time to facilitate the operations of the credit union, and appoint and remove members of such committees,
- o cause to be kept proper books of account with respect to the transactions of the credit union, its assets and liabilities,
- p submit the accounts of the credit union for audit at least once a year,
- q make arrangements for Annual General Meetings, Board meetings and other meetings deemed necessary from time to time,
- r take all such actions as may be required to ensure that the credit union complies with legislation currently in force concerning systems and training to prevent money laundering,
- s take appropriate steps to ensure the security and integrity of any information technology systems used by the credit union, including that the credit union complies with legislation concerning data protection

65 Officers

Within seven days following the Annual General Meeting, the Board of Directors shall elect from amongst its number a Chairperson, Vice-Chairperson, a Treasurer, and a Secretary of the credit union

66 Term of Office of Officers

A person elected as an officer in accordance with Rule 65 shall hold office until the election of his or her successor

67 Chairperson

67 1 Subject to any specific provision contained in these rules, the Chairperson, or in his or her absence Vice-Chairperson, shall preside at meetings of members and at meetings of the Board of Directors. He or she shall perform such other duties as he or she may be directed to perform by the Board of Directors not inconsistent with the provisions of the law or these Rules

Rules of the Manx Credit Union Limited

67 2 If neither the Chairperson, or in his or her absence the Vice-Chairperson, is present within 15 minutes after the appointed time for the beginning of a meeting, the other Directors present shall elect one of their number to be the Chairperson of the meeting

68 Secretary

The Secretary shall give, or cause to be given, notice of all meetings of the members and of the Board and shall prepare and maintain minutes of all meetings and shall perform such other duties as the Board may from time to time determine

69 Treasurer

69 1 The Treasurer shall perform all necessary duties related to the finance function of the credit union

69 2 The Board of Directors may resolve that the Treasurer be the General Manager of the credit union and receive remuneration for such post

69 3 If it is so resolved under Rule 69 2 by a majority of the Board then the General Manager

a shall retain all rights and duties as a director and shall not be subject to re-election,

b shall not receive any honorarium directly or indirectly under Rule 54(j),

c shall perform the Chief Executive Officer function of the credit union

CREDIT COMMITTEE

70 Establishment of Credit Committee

70 1 The credit union may have a Credit Committee. If the Board of Directors resolves that a Credit Committee be established then, subject to Rule 62, it shall be a Committee of between three and five persons, at least one of whom shall be chosen from among the Directors then in office

70 2 If a Credit Committee is not established, the Board of Directors must resolve to manage the credit granting / control itself or delegate the role to one or more Loan Officer(s)

71 Responsibility of Credit Committee

A Credit Committee duly constituted under Rule 70 1 shall monitor the credit union's loan business, consider and decide on loan applications. The Credit Committee shall have charge in recommending changes of loan policy to meetings of the Board of Directors

72 Loan Officers

The Board of Directors may delegate the operational aspects of the Credit Committee to Loan Officer(s). Any delegation will clearly outline the specific limits within which the Loan Officer(s) can operate

SUPERVISION

73 Roles and Responsibilities

73 1 The Board of Directors shall establish a system for monitoring the activities of the credit union to ensure that it is fully compliant with legislation, is being managed effectively and efficiently, that financial records are accurate and timely, and that the possibilities for fraud and theft are reduced

73 2 The Board may appoint a Supervisor or Supervisory Committee to undertake monitoring activities, subject to terms provided by the Board

74 Suspension from Office

The Board of Directors in exercising their duties under Rule 75 may, by unanimous vote of the Board at a special Board meeting convened for the purpose, suspend from office any officer of the credit union who in the opinion of the Board of Directors is guilty of a persistent or serious breach of the law relating to the credit union, these Rules or the policies laid down by the Board of Directors. Whether or not it suspends any officer, the Board of Directors may by unanimous decision convene a Special General Meeting of the credit union to consider such action, at which such officer or officers shall be given an opportunity of being heard and/or represented

75 Special General Meeting called by the Board of Directors

Whenever an officer of the credit union has been suspended from office by the Board under Rule 74 and within seven days thereof has not submitted their resignation, the Board of Directors shall convene a Special General Meeting of the credit union to be held not later than 30 days after the suspension. If the majority of the members present at such a meeting so signify by secret ballot they may

- a ratify the suspension and remove from office the person so suspended and determine the manner in which the vacancy so caused shall be filled and, notwithstanding the provisions of these Rules fill the vacancy at the meeting subject to any regulatory requirements on persons being met,
- b rescind the suspension by the Board of Directors, or
- c remove from office any other officer of the credit union (whether or not he or she has been suspended by the Board of Directors) and determine the manner in which the vacancy so caused shall be filled and, notwithstanding the provisions of these Rules, fill such vacancies at such a meeting, provided, however, that no person shall be removed from office under this Rule without being given the opportunity of being represented or being heard at such Special General Meeting of which he or she shall be given 14 days notice in writing

DIRECTORS, OFFICERS AND EMPLOYEES

76 Conflict of Interest

No officer of the credit union shall in any manner directly or indirectly participate in the deliberation upon or the determination of any question affecting his or her pecuniary interest or the pecuniary interest of any person or body (other than the credit union) in which he or she is directly interested. Such person shall withdraw from the meeting and the remaining qualified persons shall constitute a quorum while that matter is being discussed or determined, should his or her withdrawal result in a quorum not being present. The Board, by a majority decision of its number, shall maintain the right to require such an individual to withdraw from the Board during the period the conflict exists. The Board may co-opt another member to fill such a vacancy.

77 Confidentiality

77.1 An officer 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 business of the credit union.

77.2 On appointment, all officers of the credit union shall sign a confidentiality agreement to ensure the confidentiality of business conducted by the credit union.

77.3 The credit union shall adhere to the requirements of the Data Protection Act 2018 and any subsequent such legislation.

78 Provision of Insurance and Associated Cover

78.1 Fidelity the Board of Directors of the credit union must at all times maintain in force a policy of insurance to cover loss suffered or liability incurred by reason of the fraud or other dishonesty of any of its officers and employees.

78.2 Life Cover the Board of Directors of the credit union may establish a scheme for the purposes of providing a benefit covering the life of the individual member by

- a entering into an arrangement with a trust for the discretionary provision of a death benefit that may provide cover on the life of a member in relation to their shareholding held in the credit union, or alternatively,
- b entering into an arrangement with a person carrying on the business of insurance for the provision of cover on the life of a member in relation to their shareholding held in the credit union.

79 Indemnity

Any officer of the credit union shall be indemnified by the credit union against all costs, losses and expenses which such officer may incur or become liable for by reason of any contract entered into or any act or thing done by him or her in discharge of his or her 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.

80. Failure to Fulfil Office

If a Director of the credit union fails to attend three consecutive meetings of the Board, or if a Director or any other officer fails to perform the duties of his or her office, the Board of Directors may, after giving him or her reasonable notice and opportunity to be heard, declare the office vacant and appoint another eligible person in his or her place, or fill from its number such vacancy.

Rules of the Manx Credit Union Limited

ACCOUNTS, AUDIT, RETURNS AND RULES

81 Appointment of Auditor

81 1 There shall be appointed in each year of account a qualified auditor to audit the credit union's accounts and balance sheet

81 2 None of the following persons shall be appointed as an Auditor of the credit union

- a an officer of the credit union,
- b a person who is a business partner or personal partner of, or in the employment of, or who employs, an officer of the credit union

81 3 The Board of Directors may appoint an Auditor to fill any casual vacancy occurring between meetings of the credit union

81 4 The appointment of an Auditor shall be ratified by resolution of an Annual General Meeting of the credit union

82 Auditor's Entitlement to Attend Meetings

The Auditor shall be entitled to attend any meetings of the credit union, to receive all notices of the communications relating to any meeting which any member of the credit union is entitled to receive, and to be heard at any meeting which he or she attends on any part of the business of the meeting which concerns him or her as Auditor

83 Availability of Accounts

83 1 The credit union shall keep a copy of the last balance sheet, together with the report of the Auditor, at its registered office

83 2 The credit union shall supply free of charge a copy of the last audited accounts of the credit union to every member of the credit union on individual request

84 Filing of Accounts with the Authority

The credit union shall send to the Department of Economic Development and to the Authority such returns and/or audited accounts as may be required, relating to its affairs during the period covered by the return. The annual accounts shall include a copy of the report of the Auditor on the credit union's accounts for such a period and a copy of each balance sheet made during that period and of any report of the Auditor on that balance sheet

85 Availability of Rules

85 1 A printed copy of the up to date Rules will be retained at the registered office of the credit union and shall be available for use of members during the stated opening hours of the credit union. Members will be supplied with an electronic copy of the rules upon request

85 2 The credit union shall supply to any person who is not a member on payment of an amount not exceeding £5 00 (or such other sum as may from time to time be prescribed by law) a copy of the Rules of the credit union and any amendments thereto

CREDIT UNION RECORDS

86 Maintenance of Register

86 1 The credit union shall keep at its registered office a register and enter therein the following particulars

- a the names of all members,
- b a statement of the number of shares held by each member,
- c a statement of other property in the credit union, whether in loans or otherwise, held by each member,
- d the date at which each person was entered in the register as a member, and the date at which any person ceased to be a member,
- e the names and addresses of the officers of the credit union with the offices held by them respectively and the dates on which they assumed office and resigned

86 2 The register shall be so constructed that it is not possible for an individual member to inspect any particulars therein mentioned in paragraphs (b) or (c) of Rule 86 1

87 Retention of Records

87 1 In a manner that complies with the requirements of the Data Protection Act 2018 or any subsequent legislation, the credit union shall retain the following records,

- a register of members as set out in Rule 86 1,
- b rules and registered amendments,
- c receipts and securities held, a securities register and register of contracts of guarantee,
- d minutes of all meetings,
- e member's share and loan records,
- f nominal and general ledgers,
- g register of nominations,
- h copies of annual returns,
- i register of key persons, Directors and controllers,
- j register of bad debts written off

87 2 Any other record required to be kept as a result of the obligation to maintain proper books of account shall be preserved by the credit union for a period of 6 years after the date to which it refers

87 3 The credit union shall maintain records in accordance with the "Anti-Money Laundering And Countering The Financing Of Terrorism Code 2015" or any subsequent legislation

87 4 The Board of Directors will establish and maintain a policy about the retention and destruction of records

88 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 Auditor, the Board of Directors or other persons duly authorised on their behalf

89 Record of Accounts

Money paid in or out on account of shares, loans, interest and fees shall be evidenced by an appropriate voucher or receipt, or by entries in a statement of account. Statements of account shall itemise all transactions, and a copy shall be issued to each member at least annually or on request

90 Conducting Transactions

90 1 Any person may pay money into a member's account on account of shares or a reduction of loan or interest

90 2 Only the member may make a withdrawal from their share account. The credit union shall have the discretion to accept a written signed request from any member permitting a named individual to conduct transactions on the member's behalf. The credit union will take all reasonable steps to assure itself of the validity of each written request, including the provision and verification of adequate identification of the named individual

91 Nominations

A member may, in accordance with the law, nominate any person or persons to whom (subject to the provisions of the law as to amount and the persons to whom a valid nomination may be made) any of his or her property in the credit union at the time of his or her death shall be transferred

92 Payment to Nominee

92 1 On receiving satisfactory proof of death of a member who has made nomination of a beneficiary, the Directors shall, if and to the extent that the nomination is valid under the law, either transfer or pay in accordance with the law the full value of the property comprised in the nomination to the person entitled. The beneficiary will sign a written statement indemnifying the credit union against a subsequent claim arising

92 2 The credit union must not transfer any monies to the deceased member's beneficiary or estate until all liabilities to the credit union have been cleared

92 3 If the beneficiary is under the age of 16 then the payment must be made to the parent, guardian or other person to hold on trust for the beneficiary

92 4 If payment would result in the beneficiary's total shareholding in the credit union going above the maximum limit the beneficiary must be paid the value of those shares not transferred

Rules of the Manx Credit Union Limited

93 Bankruptcy

Upon a claim made by a personal representative of a deceased member or the trustee in bankruptcy of a bankrupt member to any property in the credit union belonging to the deceased or bankrupt member the Directors shall transfer or pay such property to which the personal representative or trustee in bankruptcy has become entitled as the personal representative or trustee in bankruptcy may direct them

94 Incapacity to Control Affairs

Where a member becomes incapable through disorder or disability of mind of managing his or her own affairs, the Board of Directors, if presented with satisfactory medical evidence and proof that no person has been duly appointed to administer his or her own property, may pay the amount of shares, loans and deposits belonging to such member to any person whom they shall judge proper to receive it on his or her behalf. The receipt of such person shall be a valid and sufficient release to the credit union for any sum so paid. The foregoing shall not apply when such member or person is a patient under the Mental Health Act 1998 (or such subsequent legislation), or is a person to whom powers are exercisable under this Act

AMENDMENTS TO RULES & USE OF SEAL

95 Amendment to Rules

95.1 The rules of the credit union may be amended only by a resolution passed by a two thirds majority vote of the members present at an Annual General Meeting or a Special General Meeting specifically called for that purpose. Notice of the proposed alteration must be given at the same time as the notice of the meeting.

95.2 Any member of the credit union, before the last day of the credit union's financial year, may propose an amendment of rule by serving notice of the proposed amendment, duly seconded, on the Board of Directors whose duty it shall be to incorporate the amendment in the agenda of the next Annual General Meeting or Special General meeting.

95.3 A copy of the amended rules will be provided to the Authority.

96 Ancillary Services

The credit union may provide members with services that are ancillary to issuing shares or making a loan, subject to the agreement of the Authority. The credit union may charge a fee equal to the cost of performing any of the below services:

- a making or receiving payment (via standing order, direct debit or otherwise),
- b issuing and administering the means of payment (via cheque-books, debit cards or otherwise),
- c giving guidance on the above

97 Use of Seal

97.1 The credit union shall have its name engraved in legible characters on a seal and the seal shall be kept in such custody as the Board of Directors direct.

97.2 The seal shall be used only under the authority of a resolution of the Board of Directors and shall be attested by the signatures of two Directors and the counter-signature of the Secretary.

COMPLAINTS AND DISPUTES

98 Internal Complaints Procedures

A formal written internal complaints procedure shall be maintained by the credit union and made available to members. A Complaints Committee may be established by the Board and members appointed by the Board. The credit union shall aim to acknowledge any complaint within seven days, and to resolve the complaint and send a final response within eight weeks of receipt of the complaint (or such other time period as may be prescribed by the Authority).

99 Financial Ombudsman Service

If a complainant remains dissatisfied at the completion of the credit union's internal complaints procedure, and on the date of receipt of the credit union's final response, the complainant may refer their complaint to the Isle of Man Financial Services Ombudsman Scheme.

STATUTORY APPLICATIONS TO THE AUTHORITY

100 Dissolution of Credit Union

The credit union may terminate or be dissolved in accordance with the provisions of the Credit Unions Act 1993 or subsequent Isle of Man legislation

101 Distribution of Funds on Dissolution

If on the dissolution of the credit union there remains after the payments of debt, the repayment of share capital and discharge of all other liabilities any surplus assets whatsoever, they shall not be paid or distributed among the members of the credit union but shall be

- a transferred to another credit union, or
- b if not so transferred, to be applied for charitable purposes

Rules of the Manx Credit Union Limited

INTERPRETATION

In these rules the following terms shall have the meanings ascribed to them unless the context indicates otherwise. Words importing the singular or plural include the plural or singular respectively, and words importing the masculine gender only shall include the feminine gender.

"amendment" in relation to the rules of the credit union includes the addition of any new rule or the deletion of any existing rule.

"attached shares" means any shares in the credit union, the withdrawal of which is not permitted by the terms of the loan to a member.

"Authority" means the Isle of Man Financial Services Authority or its successor under law.

"Board", "Board of Directors", "Committee" or "Committee of Management" means the body responsible for the day to day management and administration of the credit union elected in accordance with these rules.

"Chairperson" means the individual elected to chair meetings of the Board and general meetings of the credit union.

"corporate member" and **"corporate membership"** means bodies corporate and unincorporated societies in accordance with the Credit Unions Act 1993.

"credit union" means the Manx Credit Union Limited.

"deferred shares" means any shares of a class defined as deferred shares in the Credit Unions Act 1993. deferred shares rank behind all other creditors (including other shareholders), and contribute to the reserves of a credit union and are not covered by any statutory compensation scheme.

"junior member" is a person under the age of sixteen who satisfies the eligibility criteria in Rules 5 to 10 inclusive.

"key person" means such a person as appears to the credit union to have significant powers or responsibilities within the credit union.

"legislation" and **"regulations"** unless inconsistent with the text, these will mean orders made by the Authority and/or pursuant to relevant Isle of Man legislation.

"member" means a person over the age of sixteen who satisfies the eligibility criteria in Rules 5 to 10 inclusive.

"officer" includes any Director, Chairperson, Vice-Chairperson, Treasurer or Treasurer designated as General Manager, Assistant Treasurer, Secretary, Loan Officer, member of any Committee or volunteer of the credit union, other than an employee appointed by the Board of Directors, but it does not include an Auditor appointed by the credit union in accordance with the provisions of these rules.

"qualified auditor" means a person who is a qualified auditor under the Companies Act 1982, and is referred to as the Auditor in these Rules.

"shares" means ordinary shares other than deferred shares.

"sponsor" means a person over the age of eighteen (e.g. a parent, grandparent or guardian) who opens and/or controls an account on behalf of a junior member.

"Supervisor" means a member of the credit union appointed by the Board to perform periodic reviews of the credit union's systems, policies and procedures.

"total shareholdings" shall mean the total shareholdings as shown in the most recent audited balance sheet to have been sent with the credit union's annual accounts to the Authority.

It should be noted that the Rules of the Manx Credit Union Limited are subject to applicable legislation.