



**THE CAYMAN ISLANDS CIVIL SERVICE ASSOCIATION
CO-OPERATIVE CREDIT UNION LIMITED**
AFFILIATED TO THE CARIBBEAN CONFEDERATION OF CREDIT UNIONS

CREDIT UNION RULES

(2012 Revision)

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**RULES OF
THE CAYMAN ISLANDS CIVIL SERVICE ASSOCIATION
(CICSA) CO-OPERATIVE CREDIT UNION LIMITED**

A Credit Union (hereinafter referred to as "The Credit Union") is registered under the Co-operative Societies Law, Cap. 25 of the Revised Laws of the Cayman Islands, (the Law).

INTERPRETATION

"Board of Directors" or **"Board"** shall mean the governing body of the Credit Union, to whom the management of its affairs is entrusted and which shall be constituted in accordance with the provisions of Rule 31 hereof.

"Share" or "shares" means all classes of shares of the Credit Union and share certificates that may be held in accordance with applicable law and regulations.

"Registered Society" means a cooperative society registered under "the Law".

"Officer" includes the chairman, secretary, treasurer, member of the committee or other person empowered under the regulations or rules to give directions in regard to the business of a registered society.

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

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

"Minor" means anyone who is under the age of 18 years.

"Permanent Shares" shall mean shares issued at no par value, paid up in cash and invested as risk capital, which form a permanent part of the capital of the Credit Union, and are issued with such rights and restrictions as outlined in Rule 14 and 15.

"Voluntary Shares" shall mean shares that are issued at no par value and which do not form part of risk capital and are administered in accordance with Rule 16.

**ARTICLE I
NAME AND OBJECTS**

1. The name of the Credit Union shall be The Cayman Islands Civil Service Association (CICSA) Co-operative Credit Union Limited.
2. The Registered office of the Credit Union shall be 58 Huldah Ave., George Town, Grand Cayman, or such other place in the Cayman Islands as may be determined from time to time by the Board of Directors and notified to the Registrar.
3. The objects for which the Credit Union is established are:
 - a. To promote thrift among its members by affording them an opportunity to accumulate their savings;
 - b. To create for them a source of credit for provident or productive purposes at a reasonable rate of interest;
 - c. To provide the opportunity for members to use and control their money for their mutual benefit;
 - d. To draw, make, accept, endorse, discount, execute and issue Promissory Notes, Bills of Lading, Bills of Exchange, Bills of Sale, Warrants and other negotiable or transferable instruments; and
 - e. To do all the other acts and things as are incidental or conducive to or consequential upon the attainment of the above objectives.

ARTICLE II
QUALIFICATIONS FOR MEMBERSHIP

4. Membership in the Credit Union shall be limited to persons who have attained 18 years of age and are employed by the following:
 - a. The Credit Union;
 - b. The Cayman Islands Government;
 - c. Government-owned entities operating in the Cayman Islands;
 - d. Utility companies operating in the Cayman Islands;
 - e. Pensioners of the above-mentioned entities; and
 - f. All immediate family of such persons. Immediate family is limited to a parent, spouse, children, and siblings.
5. Applications for membership must be made in writing on a form approved by the Board, and must be signed by the applicant.

The application form shall provide for: -

- a. The member's account number;
 - b. Name;
 - b. Address;
 - c. Date of Birth;
 - e. Date of approval;
 - f. Agreement to conform to the Rules of the Credit Union;
 - g. Agreement to subscribe for at least one permanent and voluntary shares;
 - h. Whether the application was approved by the Chief Executive Officer;
 - i. The signature of the Chief Executive Officer or Designate.
6. An applicant shall not be registered as a member until: -
 - a. Eligibility for membership has been determined under Article II, Rule 4 of these Rules;
 - b. Application for membership shall have been approved by the affirmative vote of a majority of the Directors or a majority of the members of a duly appointed and authorized Executive Committee present at the meeting at which the application is acted upon;
 - c. Payment of an Entrance Fee to be determined by the Board of Directors and subscribing to a minimum of \$25.00 in Permanent Shares and \$25.00 in Voluntary Shares.
 - d. The Entrance Fee is non-refundable and forms part of the Institutional Capital of the Credit Union.
 7. No member may resign whilst he is a borrower, an endorser, or a guarantor of any loan due to the Credit Union.
 8. A member who withdraws all his shareholding ceases to be a member.
 9. A member may be expelled by a two-thirds vote of the members of the Credit Union present at a General Meeting or a Special Meeting called for the purpose, but only after an opportunity has been given to the member to be heard and only if the member has been properly notified in writing by the Board of Directors not less than 14 days before such a meeting. On expulsion, a member shall be entitled to repayment of the amount held by him as shown by the Credit Union's books, subject to the provisions of Article III, Rule 15 and 16.
 10. Withdrawn or expelled members shall have no further rights in the Credit Union but are not by such withdrawal or expulsion released from any liability to the Credit Union existing at the date of such withdrawal or expulsion.
 11. Subject to such conditions as the Board of Directors may re-establish, a member who ceases to be within the field of membership of this Credit Union may retain his membership therein.
 12. A person ceases to be a member: -
 - a. On death; or
 - b. On ceasing to at least \$25.00 Permanent Shares and \$25.00 in Voluntary Shares; or
 - c. On his being certified by a medical doctor to be of unsound mind; or

- d. On expulsion from the Credit Union if, in the opinion of Board of Directors, a member acts in a manner that is detrimental to or not in compliance with the security requirements and any other policies of the Credit Union, his membership shall be terminated by the majority of Directors; or
 - e. On the withdrawal or transfer of all his shares.
 - f. On failure to increase his shareholding beyond the minimum Shares prescribed under Article I Rule 6, c, within one year of joining the Credit Union.
13. i. The Credit Union shall keep a copy of the Co-operative Societies Law and a Register to be called the “Register of Members”, wherein shall be entered:
- a. The name, address and occupation of each member and his record or account number;
 - b. The date on which each member’s name was entered in the Register; and
 - c. The date on which any member ceased to be a member.
- ii. The Credit Union shall keep a current copy of the Register of all members and shall make this available for inspection during the normal business hours in accordance with Section 14 of the Co-operative Societies Law.

ARTICLE III SHARES AND LIABILITY

14. The Capital of the Credit Union shall be unlimited.
- a. The liability of each member, in case of liquidation, is limited to the value of the shares held by him at their nominal value.
 - b. The shares of the Credit Union may be divided into 2 classes of shares designated as Permanent Shares and Voluntary Shares.
15. The following rights and restrictions are attached to Permanent Shares:
- a. Permanent Shares are equity shares and form part of the risk capital of the Credit Union.
 - b. Permanent Shares in the Credit Union may be transferred to any member or anyone eligible for membership with the consent of the Board of Directors and upon payment of a fee to be determined by the Directors from time to time for each transfer; provided that no transfer of Permanent shares shall be effected if the member requesting such transfer is liable to the Credit Union as a borrower or co-maker. Such transfer shall carry dividend credit with it. All applications for transfer of Permanent Shares shall be made in the form prescribed by the Registrar of Co-operative Societies.
 - c. Subject to the amount recorded in the Share Transfer Fund, the Board of Directors may accept Permanent Shares from a member for transfer to the Credit Union. For this purpose, the Board of Directors shall create a Share Transfer Fund and maintain a file of applications for such transfers, and such applications shall be dealt with in order of receipt.
 - d. Permanent shares may be redeemable subject to the sale, transfer, or repurchase of such shares. Request for transfer may be made on any day the Credit Union is open for business, but the Board of Directors shall reserve the right at any time to require a member to give notice in writing not exceeding 6 months. Provided that no transfer can be effected if the member requesting such transfer is liable to the Credit Union as a borrower or co-maker. The Board may make special bye-laws relating to the redemption of permanent shares.
 - e. Subject to the profitability of the Credit Union, the Board of Directors may recommend the declaration and payment of dividends on Permanent Shares in such amounts and at such times as it may determine.
 - f. Permanent Shares shall be used to offset indebtedness only in cases of cessation of membership and liquidation of the Credit Union.
16. The following rights and restrictions are attached to Voluntary Shares:
- a. Voluntary Shares have no par value and do not form a part of the risk capital of the Credit Union.
 - b. Money paid into voluntary shares may be withdrawn in whole or in part on any day when the Credit Union is open for business, but the Board of Directors shall reserve the right at any time to require a member to give notice not exceeding 6

months; provided however that no member may withdraw any shareholding below the amount of his total liability to the Credit Union as a borrower or co-maker.

- c. Voluntary Shares shall be treated as liabilities of the Credit Union.
 - d. Subject to the profitability of the Credit Union, the Board of Directors may recommend the declaration and payment of dividends on Voluntary Shares in such amounts and at such times as it may determine.
 - e. The Credit Union shall have a lien on all Voluntary Shares and deposits of a member for, and to the extent of, any sum due to the Credit Union from the said member or any loan endorsed by him.
 - f. Voluntary Shares shall be required by the member in order to qualify to use the products and services of the Credit Union as determined by the Board of Directors from time to time.
17. The maximum amount of voluntary shares which may be held by any one member shall not exceed 3% of the total Share Capital.
18. The Board of Directors may establish conditions under which various savings programmes may be established by this Credit Union.
19. The Credit Union shall have a lien on all shares, deposits and savings of a member, except for accounts for which he is a trustee, for any sum due to the Credit Union from the said member, or for any loan endorsed by him, and may apply any sum credited to the member's shares, deposits and savings in or towards payment of any such debt. Permanent shares shall be used to offset indebtedness only in cases of cessation of membership and liquidation of the Credit Union.

ARTICLE IV DEPOSITS

20. i. The Board of Directors may establish rules and conditions under which a member may deposit money in the Credit Union. A member may deposit money in sums of not less than \$25.00.
- ii. Deposits may be withdrawn by cheque or by cash on any day that the Credit Union is open for business, but the Board of Directors may at any time require the depositor to give up to 60 days notice in writing of his intention to withdraw the whole or any part of his deposits.
- iii. Deposits may be received in the name of a minor or in trust for a minor who is a child, of a member, in such way or manner as the Board of Directors may determine.
- iv. Deposits received in the name of a minor shall be held for the exclusive right and benefit of the minor and free from the control or lien of all other persons except creditors, and shall be paid together with interest thereon, to the person in whose name the account shall have been issued. The receipt or acquaintance of the minor shall be valid and sufficient release and discharge to the Credit Union for the deposits or any part thereof.
- v. Deposits will be placed on interest on the first of the month following such deposits, provided that amounts paid in on the first of any month shall be placed on interest from that date.
- vi. The rate of interest payable on deposits shall be fixed from time to time by the Board of Directors.

ARTICLE V DORMANT ACCOUNTS

21. i. The Board of Directors may impose a maintenance fee on member's voluntary shares or deposit accounts if there has been no activity for a period as determined by the Board of Directors. The Credit Union must give notice in writing of this action to the member or known interested parties at the last known address, allowing at least 90 calendar days for a written reply. Any such maintenance fee may be fixed at a rate that covers administrative costs. The Credit Union must maintain a separate record of all such accounts.

ii. Shares and Deposits accounts, dividends, interest and other sums due a member or other person and held by the Credit Union may be presumed abandoned unless the member has contacted the Credit Union in person or in writing within a period prescribed by regulation, or has otherwise indicated an interest in the funds.

ARTICLE VI RECEIPTS AND DISBURSEMENTS

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

ARTICLE VII LOANS

23. Loans shall be made only to members who are living in the Cayman Islands and shall be made for provident or productive purposes only.
24. All applications for loans shall be on the printed form provided by the Credit Union and shall set forth the purposes for which the loan is desired, the security, if any, and such other information as the Credit Policy may require. If the facts stated in the application are found to be misrepresented, or the money used for some other purpose than that for which it was borrowed, the loan shall become immediately due and payable.
25. All applications for loans and the reports thereon by the Credit Committee and any Loans Officer shall be filed as permanent records of the Credit Union.
26. All loans granted shall be secured by the Loan Agreement of the borrower and by such other security, if any, according to the Credit Policy of the Credit Union.
27. Rates of interest shall be as fixed from time to time by the Directors-
28. No Officer, employee, volunteer, member of the Board of Directors, member of the Credit or Supervisory Committee, shall be allowed to borrow from the Credit Union in a total amount in excess of his/her Voluntary shareholdings, accumulated earnings, excluding the granting of overdrafts unless approved by a unanimous decision at a Credit Committee meeting at which one Director and one member of the Supervisory Committee are present. The borrowing member shall not be allowed to take part in the meeting.
29. Subject to the credit policy laid down by the Board of Directors from time to time, the amount of each loan, the period of repayment, and the form and value of the security, if any, shall be determined by the Credit Committee. However, the Credit Committee shall have the right to refer any loan to the Board of Directors for a final decision only in respect of the amount of the loan, the period of repayment and the form and value of the security.
30. A borrower may repay his loan prior to maturity in whole or in part on any day when the Credit Union is open for business. A penalty may apply as determined by the Board of Directors in its sole discretion.

ARTICLE VIII BOARD OF DIRECTORS

31. i. The business of the Credit Union shall be conducted by the Board of Directors, which shall be elected at the Annual General Meeting of the Credit Union and shall consist of not less than 5 or more than 9 members, all of whom shall be members of the Credit Union, provided that the number of members comprising the Board of Directors shall at all times be an uneven number. Each member shall hold office until his successor is elected, unless he demits office earlier or has been expelled, and shall be eligible for re-election.
- ii. Election of the Board of Directors shall be held in such a manner that the term of office of not more than a bare majority of the members shall expire at the same Annual Meeting.

- iii. Members of the Board of Directors shall be members of the Credit Union, over 18 years of age and in good standing.
 - iv. A bare majority of members shall constitute a quorum, but fewer than a quorum may adjourn from time to time until a quorum is present.
 - v. The Board may invite for reasons specified a Representative of the Credit Committee to its scheduled Board Meeting.
32. i. At the first Annual General Meeting, a bare majority of the members constituting the Board of Directors shall be elected for a term of 2 years and the others for a term of 1 year. Whenever the number of members of the Board of Directors is increased, one-half of such additional members shall be elected for two years and one half for one year. Thereafter the term of office for members shall be 2 years.
- ii. For the purpose of these Rules, the first meeting of members after Registration of the Credit Union shall be called the First Annual General Meeting.
33. i. Any Director or Officer of the Credit Union may be removed at any time by resolution of the majority of the members present at any General Meeting called for that purpose; provided that such Director or Officer shall be informed in writing of the charges against him at least 14 days before such meeting and at such Meeting shall have reasonable opportunity to answer such charges.
- ii. Any Director who, without due excuse approved by the Board, fails to attend 3 consecutive Meetings of the Board, shall be deemed to have vacated his office.
- iii. Any vacancy on the Board of Directors shall be filled within 30 days by vote of a majority of the remaining Directors, but the member so elected shall hold office only until the next Annual General Meeting, at which Meeting a member shall be elected to complete the unexpired term, provided the term does not expire at the time of such meeting.
- vi. All Directors must be in good standing. Any Director whose loan with the Credit Union becomes delinquent shall be removed by the majority of the Board from his position as a director, provided however, he may retain his position as a Director if his loan is brought up to date within 15 days from the date of notification that the loan was due for payment.
34. i. The Board of Directors shall meet as often as the business of the Credit Union may require, and in any case not less frequently than once per month.
- Meetings of the Board shall be summoned by the Secretary in writing. The Secretary shall also call a Meeting of the Board upon the written request of the Chairman, or in his absence, the ranking Vice-Chairman or any 3 members.
- ii. Minutes of Meetings of the Board of Directors shall be recorded by the Secretary and shall be signed by the Chairman or other presiding member, and by the Secretary and shall contain the following particulars:
- a. The names of the members present and the date of the meeting;
 - b. The name of the chairman or other presiding member;
 - c. A short statement of all matters discussed and decisions made, and a record as to whether each decision was made unanimously or by majority; and
 - d. Minutes of the last Board Meeting must be submitted at the next scheduled Board meeting to ensure that the decisions of the Board are recorded and signed on a timely basis.
35. The Board of Directors shall have the general direction and control of the affairs of the Credit Union and more particularly, shall act for the Credit Union and be responsible to it for the performance of the following duties:
- a. To act upon all applications for membership and on the exclusion or expulsion of members, except to the extent that it may have authorized the approval of the applications for membership by an Executive Committee.
 - b. Within the provisions of the Law and Regulations determine from time to time, the interest rate on loans. When by action of the Board the interest rates on future loans are reduced, similar action may be taken with regard to interest rates on unpaid balances of existing loans.

- c. To determine the maximum amount that may be loaned with and without security to any member, the maximum maturities and terms of payment or amortization of loans to members.
 - d. To fix from time to time, subject to the approval of the Registrar or duly authorised body, the amount of surety bond which shall be required of all officers and employees handling money and shall authorize the payment of the premiums thereof by the Credit Union.
 - e. To determine the interest rate which will be paid on deposit accounts and other accounts.
 - f. To fill vacancies on the Board of Directors and on the Credit Committee.
 - g. To determine from time to time, subject to the Law and Regulations, the maximum number of shares that may be held by any member, and the maximum amount that any one member may have in the Deposit Account or other accounts.
 - h. To determine the investments of the Credit Union other than loans to members, except to the extent that the Board may have appointed an Executive Committee to act for it in the purchase and sale of securities or the making of loans to other credit unions or both.
 - I. To submit the Accounts of the Credit Union for audit in pursuance of the provisions of the Law and Regulations.
 - J. To authorise borrowings and discounting operations on behalf of the Credit Union subject to the provisions contained in these Rules, and subject also to the Law and Regulations.
 - k.
 - i. To provide for the compensation, if any, of the Treasurer.
 - ii. To employ, fix the compensation, and prescribe the duties of such employees as may, in the discretion of the Board, be necessary and to remove such employees.
 - l. To supervise the collection of loans from members and authorise the charge-off of uncollectable loans, subject to the Law and Regulations.
 - m. To maintain, at all times, an active programme of co-operative education and to maintain relations with other registered co-operative organizations aimed at promoting the best interest of the Credit Union and of the Co-operative movement.
 - n.
 - i. To take all measures to provide for the management of the affairs of the Credit Union not provided in these Rules or in the Law or Regulations to be taken by a General Meeting and to perform such other duties as the members in General Meeting may from time to time authorize not inconsistent with these Rules and the Law and Regulations.
 - ii. To keep a copy of the latest Annual Balance sheet of the Credit Union together with the Auditor's Report available to members at the registered office of the Credit Union.
36. No Officer Director or Committee member, other than the Treasurer may be compensated for his services as such. This shall not be construed to prevent reimbursement of Directors and Committee members for expenses they may incur in carrying out the duties of their offices.
37. The Credit Union shall purchase adequate fidelity bond coverage for the Board of Directors, Chief Executive Officer, committee members, and employees handling or having custody of Credit Union funds or property.

**ARTICLE IX
EXECUTIVE OFFICERS, EXECUTIVE COMMITTEE,
THE TREASURER, AND THEIR DUTIES**

38. i. The Executive Officers of the Credit Union shall be a Chairman, one or more Vice-Chairpersons, a Treasurer and a Secretary, all of whom shall be elected by the Board of Directors in accordance with Article XII I, Rule 67, and the said Officers shall hold office until their successors are elected.

- ii. If more than one Vice-Chairman is elected, the Board shall determine their rank, as First Vice-Chairman, Second Vice-Chairman, et cetera. The offices of Treasurer and Secretary only may be held by the same person.
- iii. CHAIRMAN: The duties of the Chairman shall be to preside at meetings of the members and of the Board of Directors. He shall perform such other duties as customarily appertain to the office of Chairman or as he may be directed to perform by resolution of the Board of Directors, not inconsistent with the Law and these Rules, and in addition such duties as the Co-operative Societies Law and Regulations may require to be performed by the Chairman of the Committee of Management.
- iv. VICE-CHAIRMAN: The ranking of Vice-Chairman shall, in the event of the absence or disability of the Chairman or his refusal to act, perform the duties of the Chairman and/or such other duties as the Board of Directors may from time to time prescribe.
- v. SECRETARY: It shall be the duty of the Secretary to keep a correct record of all meetings of members, the Board of Directors, and the Officers. He shall give notice of all meetings of the members in the manner prescribed by these Rules, and shall perform such other duties as he may be directed to perform by resolution of the Board of Directors not inconsistent with the Law and these Rules.
- vi. TREASURER: The Treasurer shall be responsible to the Board for the financial affairs of the Credit Union. Subject to the approval of the Board, the Treasurer may for the day to day operations of the Credit Union delegate any or all of his duties to the Chief Executive Officer or other officers of the Credit Union. Subject to such limitations and control as may be imposed by the Board of Directors it shall be the duties of the Treasurer to:
- a. Be responsible for the safe custody of all funds, securities, valuable documents, and other assets of the Credit Union.
 - b. Sign cheques, agreements, drafts, and other negotiable or transferable instruments drawn by the Credit Union, as required in the process of its business.
 - c. Provide and maintain a full and complete record of all the Assets and Liabilities of the Credit Union.
 - d. Prepare within 10 days after the close of each month and submit to the Board of Directors a Financial Statement showing the condition of the Credit Union as at the end of the month, including a summary of delinquent loans, and shall have available a copy of such monthly Financial Statement in the Office of the Credit Union, where it shall remain until replaced by the Financial Statement for the succeeding month.
 - e. If required by the Board of Directors, prepare within one month of the close of each half-year, a statement of the Surplus and Deficit Account and the Balance Sheet, which Statement shall be certified by at least two members of the Supervisory Committee and shall be available to members in the Office of the Credit Union.
 - f. Prepare and forward to the Registrar of Co-operatives or duly authorised body such Financial and other Reports as the Registrar may require.
 - g. Be responsible for all moneys paid into the Credit Union and ensure that within 48 hours after receipt, deposit all funds in the Bank or Banks prescribed by the Board of Directors.
 - h. Ensure that all promissory notes, drafts or any negotiable instruments drawn in favour of the Credit Union are properly prepared.
 - i. Do all other such duties as pertain to the office of Treasurer.
39. The Board of Directors may appoint one or more Assistant Treasurers and authorise them to perform any of the duties devolving on the Treasurer during the absence or disability of the Treasurer or his refusal to act.
40. The Board may employ a Chief Executive Officer and may authorise him under the direction of the Treasurer to perform any of the duties devolving on the Treasurer, including the signing of cheques.
41. The Board may appoint an Executive Committee of not fewer than three Directors to do all acts authorised by the Board of Directors, in accordance with the Law and Regulations. The Chairman, Secretary and Treasurer shall be members of the Executive Committee.

- a. Every action of the Executive Committee must be submitted for ratification to the Board of Directors in writing not later than the first meeting of the Board after the action is taken.
 - b. All matters coming before the Executive Committee shall be dealt with at a meeting at which a majority of Committee members is present.
42. During the absence or disability of any Officer or his refusal to act, the Board of Directors may appoint another member to act temporarily in his stead.
43. A meeting of the volunteers, members of the Board of Directors, Credit and Supervisory Committees shall be held at least once a year. The secretary of the Board of Directors shall be responsible for the calling of this meeting.

ARTICLE X CREDIT COMMITTEE

44. i. The Credit Committee shall be elected at the Annual General Meeting of the Credit Union and shall consist of not less than 3 members, all of whom shall be members of the Credit Union. Each member shall hold office until his successor is elected, and shall be eligible for re-election.
- ii. Election to the Committee shall be held in such a manner that the term of office of not more than a bare majority of the members shall expire at the same Annual General Meeting.
- iii. Subject to the provisions of rule 45 (i), at the first Annual General Meeting a bare majority of the members constituting the Committee shall be elected for a term of 2 years, and the others for a term of 1 year. Whenever the number of members of the Committee is increased, one-half of such additional members shall be elected for 2 years and one-half for 1 year. Thereafter, the term of office for the Committee Members shall be for 2 years.
- iv. Each member of the Credit Committee shall be a member of the Credit Union and over 18 years old.
- v. All members of the Credit Committee must be in good standing. Any member of the Credit Committee whose loan with the Credit Union becomes delinquent shall be removed by the Board of Directors from his position as a member, provided however, that such member may retain his position as a member if his loan is brought up to date 15 days from the date of notification that the date the loan was due for payment.
45. i. Any member of the Committee who without due exercise approved by the Committee fails to attend 3 consecutive regular meetings of the Committee, shall be deemed to have vacated his office.
- ii. Any vacancy on the Committee shall be filled by the Board of Directors, but the member filling such a vacancy shall hold office only until the next Annual General Meeting at which meeting a member shall be elected to complete the unexpired term provided the term does not expire at the time of such meeting.
46. i. The Credit Committee shall choose from their number, a Chairman, a Vice-Chairman, and a Secretary, which offices may not be held by the same person.
- ii. The Secretary of the Committee shall prepare and maintain full and correct records of all action taken by the Committee and shall notify all remaining members of the Board of Directors and members of Credit and Supervisory Committees, whenever an officer, member of the Board of Directors or member of the Credit or Supervisory Committee applies for a loan in excess of his shareholding.
47. The Credit Committee shall hold such meetings as the business of the Credit Union may require, and not less frequently than once per month. Due notice of such meetings shall be given to the members of the Committee by the Secretary/Loans Officer.
48. The Credit Committee shall always display ethical conduct, comply with legal requirements ensuring compliance, follow established policies and procedures as laid out by the Board of Directors, respect and maintain the confidential nature of member's information, and at all time in reviewing a loan application maintain objectivity in its analysis.

49.
 - i. Each Loan Officer shall furnish to the Credit Committee a record of each loan approved or not approved by him within 7 days of the date of the filing of such application thereof and such records shall become a part of the records of the Committee.
 - ii. Loans within shares are to be approved by the Manager/Loans Officer.
 - iii. Unsecured Loans - to be decided by Credit Committee in accordance with page 4 of Credit Policy.
 - iv. Out of shares loans not approved by a Loans Officer shall be acted upon by the Credit Committee
 - v. No individual shall have authority to disburse funds of the Credit Union for any loan which has been approved by him in his capacity as a Loan Officer.
50.
 - i. When there are more loans pending than can be granted with the funds available, preference shall be given in all cases to the application for smaller loans if the need and credit factor are nearly equal.
 - ii. No loan, except as hereinafter provided, shall be made if any member of the Credit Committee shall disapprove thereof nor unless such loan has received the unanimous approval of the members of the Committee who were present when it was considered, and who at least must be a majority of the Committee - except for loans approved by a duly authorised Loan Officer.
 - iii. The Credit Committee or a Loans Officer shall enquire into the character and financial position of each applicant for loan and his sureties, if any, to ascertain his ability to repay fully and promptly the obligations incurred by him and to determine whether the loan sought is for a provident or productive purpose and will be of probable benefit to the borrower. The Committee shall endeavour diligently to assist applicants in solving their financial problems.
51. The Chief Executive Officer shall send a report of the activities of the Credit Committee to the Board of Directors each month.

**ARTICLE XI
SUPERVISORY COMMITTEE**

52.
 - i. The Supervisory Committee shall consist of not less than three members, none of whom shall be members of the Board of Directors or Credit Committee or Loans Officer or an employee and all of whom shall be members of the Credit Union.
 - ii. Members of the Committee shall be elected for one year only at each Annual General Meeting. They shall hold office until their successors are elected unless they demit office earlier or have been expelled and shall be eligible for re-election.
 - iii. In the event of a vacancy in the membership of the Committee, the remaining members of the Committee shall fill such vacancy by appointing a member who shall hold office only until the next Annual General Meeting.
 - iv. Each member of the Supervisory Committee shall be a member of the Credit Union and over 18 years old.
 - v. All members of the Supervisory Committee must be in good standing. Any member of the Supervisory Committee whose loan with the Credit Union becomes delinquent shall be removed by the Board of Directors from his position as a member, provided however, that such member may retain his position as a member of the Supervisory Committee if his loan is brought up to date within 15 days from the date of notification that the loan was due for payment.
53.
 - i. The Supervisory Committee shall choose from their number a Chairman, Vice-chairman, and a Secretary which offices may not be held by the same person.
 - ii. The Secretary of the Committee shall maintain and have custody of full and correct records of all action taken by the Committee with copies provided to the Board of Directors.
54.
 - i. The Supervisory Committee shall: -

- a. At frequent intervals inspect the securities, cash and accounts of the Credit Union;
 - b. Make an examination of the affairs of the Credit Union at least quarterly including an audit of its books of accounts;
 - c. By unanimous vote, if it deems such action necessary to the proper conduct of the Credit Union, suspend any Officer, member of the Board of Directors or Credit Committee and within 14 days thereafter call a Special General Meeting of the members to take such action relative to the suspension as the members may determine;
 - d. Receive and investigate any complaint made by any member affecting the proper running of the Credit Union;
 - e. By a majority of its members, call a Special General Meeting of the members to consider any violation of these Rules or any practice of the Credit Union, which, in the opinion of the Committee is unsafe and unauthorized; and
 - f. At least once a year cause the accounts of all members to be verified with the records of the Credit Union Office. The Committee shall maintain a record of such verification.
- ii. In the process of its examinations and audits, the Committee shall examine all applications for loans made during the period under examination and satisfy itself that for each loan made an application is on file and that each application states the purpose for which the loan is made, the description of the security if any offered, and that it bears the approval of the Credit Committee or a Loans Officer.
- iii. Within 30 days of the end of the half-year the Treasurer shall submit for attestation by at least 2 members of the Supervisory Committee, the statement for that half-year if he is required under Rule 38 (vi) (e) to prepare it.
55. The Supervisory Committee shall send a quarterly report of its activities to the Board of Directors.

ARTICLE XII MEETINGS OF MEMBERS

56. i. The supreme authority in the Credit Union is vested in the General Meeting of members at which every member has a right to attend and vote on all questions.
- ii. The first general meeting of members after registration of the Credit Union shall be called the First Annual General Meeting, and shall have the same powers as are herein given to the Annual General Meeting.
57. i. Each member shall have one vote only and there shall be no voting by proxy; provided that in the case of an equality of votes the Chairman shall have a second or casting vote.
- ii. Any question submitted for the decision of the members present at a meeting shall be decided by a majority of votes.
- iii. At any meeting a resolution put to the vote shall be decided by a show of hands unless voting by ballot is demanded by at least 10 of the members present before declaration of the result by the show of hands, and in such case, voting by ballot shall be taken.
58. i. The Annual General Meeting of members shall be convened by the Board of Directors not later than 2 months after the report on the audit of the accounts of the Credit Union for the past financial year by the Registrar or person authorised by him, is received by the Board of Directors.
- ii. The Annual General Meeting of members has both the right and responsibility: -
- a. To consider the report of the Board of Directors on the previous year's working of the Credit Union together with the Financial Statements and Auditor's Report and to sanction the appropriations and distribution of any surplus;
 - b. To hear and pass upon the reports of the Credit and Supervisory Committees;

- c. To elect members of the Board of Directors, and the Credit and Supervisory Committees, and to remove them from office in accordance with these Rules;
- d. To elect to the management of any Registered Society such representatives as the constitution of that body may from time to time require to be elected from the Credit Union. At least 50 percent of such representatives shall be elected from among the serving members of the Board of Directors of this Credit Union;
- e. To determine what amendments shall be made in the Rules; and
- f. To exercise its final authority in all other matters vitally affecting the Credit Union as a co-operative fraternal body, and as a business organisation.

iii. The order of business at Annual General Meetings shall be: -

- a. Ascertainment that a quorum is present;
- b. Taking apologies for absence;
- c. Reading and approval of the Minutes of the last Annual General Meeting, and of any intervening Special General Meeting and discussions of matters arising there from;
- d. Reports of: -
 - 1. Board of Directors
 - 2. Any sub-committees
 - 3. Credit Committee
 - 4. Supervisory Committee
 - 5. Treasurer and Auditor
- e. Distribution of Surplus;
- f. Maximum limit of borrowing by the Credit Union;
- g. Elections to: -
 - 1. Board of Directors
 - 2. Credit Committee
 - 3. Supervisory Committee
 - 4. Management of any Registered Society in accordance with Rule 58 (ii)d
- h. Any other business
- i. Adjournment.

iv. The members assembled at any annual or special meeting may suspend the above order of business upon a two-thirds vote of the members present at the meeting.

59. i. Special General Meetings may be called by the Board of Directors upon their own initiative, and shall be called by them at the request of the Supervisory Committee, or upon the written petition of not less than 10 percent of the members or 75 members, whichever is less. The purpose of the Special General Meeting shall be set forth in the notice and only such business as is described in the notice may be dealt with at such meetings.

ii. If the Board of Directors fails to convene a meeting within 21 days from the receipt of demand as aforesaid, the Supervisory Committee or the members applying for such a meeting will have the right to convene the meeting by notice which must contain the object of the proposed meeting and a statement to the effect that the meeting is convened on the failure of the Board of Directors to convene the meeting demanded.

60. At least 14 days before the date of any Annual or Special General Meeting, the Secretary shall post a notice of the Meeting in a conspicuous place in the office and cause written notice thereof to be sent to members by post, email, other electronic means, or by publication on the Credit Union's website.

61. i. a. A quorum at an Annual or Special General Meetings shall be one-half of the total number of members or 10 members whichever is less when the Credit Union consist of not more than 40 members; or
 - b. One-quarter of the total number of members or 50 members whichever is less when the Credit Union consist of more than 40 members and not more than 500 members; or
 - c. One-tenth of the total number of members or 60 members whichever is less when the Credit Union consists of more than 500 members and not more than 1,000 members; or
 - d. 75 members when the Credit Union consists of more than 1,000 members.
 - ii. If at the expiration of a reasonable period after the date fixed for any Annual or Special General Meeting, the members present are not sufficient to form a quorum, such Meeting shall be considered as dissolved if convened on the demand of members; in all other cases an adjournment may be taken to a date not fewer than 14 days thereafter. The same notice shall be given for the **Adjourned Meeting** as is prescribed in Rule 56 of these Rules for the Original Meeting.
62. The Chairman of the Board of Directors, or in his absence, the ranking Vice-Chairman, or in their absence, any other member elected by a majority of those present shall preside at the Annual or Special General Meeting.
 63. Minutes of the meetings shall be recorded in the Minute Book and signed by the Chairman and Secretary, and shall contain: -
 - a. The number and names of the members present at the meeting and the name of the Chairman or of the person who presided at the meeting;
 - b. The time fixed for the meeting and the time the meeting commenced;
 - c. The total number of members on the date on which the meeting was held; and
 - d. All resolutions passed or decisions made at the meeting.
 64. No political, sectarian or racial discussion shall be raised, or resolution proposed, either at any Committee, Board or General Meeting of the Credit Union.

ARTICLE XIII ELECTIONS

65. i. Not less than 60 days prior to each Annual General Meeting, the Board of Directors shall appoint a director whose term is not expiring to chair the Nominating Committee of 3 members. The remaining 2 members of the Nominating Committee shall be chosen from general membership. It shall be the duty of the Nominating Committee to nominate at the Annual General Meeting one member for each vacancy for which elections are being held.
- ii. Written biographical profile must be presented at the Annual General Meeting on each person being nominated from the floor and by the Nominating Committee.
- iii. After nominations of the Nominating Committee have been placed before the members, the Returning Officer shall call for nominations from the floor. When the nominations are closed, tellers shall be appointed by the Returning Officer, ballots shall be distributed, the votes shall be taken and tallied by the tellers, and the results announced.
- iv. All elections shall be determined by a majority vote and shall be by ballot except where there is only one nominee for each vacancy.
- v. Nominations shall be in the following order:
 - a. Nominations for members of the Board of Directors;
 - b. Nominations for Credit Committee members;

- c. Nominations for Supervisory Committee members; and
- d. Nominations for representatives to any Registered Society under Rule 58 (ii)d.

Elections may be separate ballots following the same order as the nominations or if preferred, may be by one ballot.

66. Within 10 days after their election, the members of the Board of Directors, Credit and Supervisory Committees shall meet and elect from their number the respective Officers, as follows:
- a. Board of Directors:
 - Chairman, one or more Vice-Chairpersons, Treasurer, and Secretary.
 - The Board may also appoint an Executive Committee.
 - b. Credit and Supervisory Committees:
 - Chairman, Vice-Chairman, and Secretary.
67. Immediately after these elections, the names and addresses of all the members of the Board, Executive Officers, and Executive Committees shall be forwarded to the Registrar of Co-operative Societies, and to any Registered Society or duly authorised body of which the Credit Union is a member. Within 10 days of any change in the Directors, Credit or Supervisory Committee members, the Registrar of Co-operative Societies or duly authorised body and any Registered Society of which the Credit Union is a member, shall be notified in writing of such change.

ARTICLE XIV

68. i. All entrance fees, transfer fees, and a minimum of 20 percent of the net surplus of each financial year shall be set aside as a Reserve Fund.
- ii. The Reserve Fund shall be the property of the Credit Union and may be applied with the sanction of the Registrar of Co-operative Societies or duly authorised body to meet losses on loans to members and to other Credit Unions and such other losses as are authorised in accordance with the Law and Regulations.
- iii. The Reserve Fund shall not be distributed except on liquidation of the Credit Union or in accordance with the Law and Regulations.
- iv. In addition to the Reserve Fund, the Board of Directors may also authorise the establishment of any additional reserves which it deems necessary to protect the interest of members.
69. The net surplus of the Credit Union as ascertained by the audit shall be applied as follows:
- i. A minimum of 20 percent shall be carried to the Reserve Fund in accordance with Article XIV, Rule 68 (i);
 - ii. The remainder shall be utilized as the Annual General Meeting may decide in any one or more of the following ways:
 - a. To pay to members a dividend not exceeding what is prescribed by Law (at present 6 percent per annum) on all permanent and voluntary shares provided that fully paid shares for any one month may include payment received within the first 7 days of that month;
 - b. To pay a bonus to members in proportion to the amount of interest on loans paid by them to the Credit Union; provided that the dividend and bonus due to any member shall be placed to the credit of his share capital account in any case in which there is any unpaid balance due and owing on the shares for which such member has subscribed, until such balance is paid off;
 - c. To promote co-operative education among members; and for any social, charitable or cultural purposes, subject to Section 36 of the Law;
 - d. To create any Special Reserve;

- e. To pay Honoraria; and
- f. To create and maintain a Share Transfer Fund to be used as prescribed in Rule 15 and the By-Laws.

**ARTICLE XV
BANKING ACCOUNT - DISBURSEMENTS OF FUNDS - INVESTMENTS**

- 70. i. The funds of the Credit Union may be deposited in legally chartered banks operating in accordance with the laws of the Cayman Islands and in central-type Credit Union organisations.
- ii. Funds not used in loans to members may be invested in accordance with the Investment Policy as follows:
 - a. In capital shares, obligations or preferred stock, real estate, issues of any agency or association organised either as a mutual association of membership corporation, provided the membership or stock holdings, as the case may be, of such agency or association are confined or restricted to credit unions or organisations of credit unions or the Cayman Islands Government provided the purposes for which such agency or association are designed is to service or otherwise assist Credit Union operations;
 - b. In investments in which Trustees are for the time being by Law authorised to invest;
 - c. In shares of a Co-operative Society registered under the Co-operative Societies Law in the total amount not exceeding 5 percent of the shares and surplus of the Credit Union;
 - d. In loans to or shares of other Credit Unions, but not to exceed 5 percent of the Credit Union's total assets.
- 71. The Board of Directors, by resolution, may establish a cash fund for the purpose of making change.
- 72. All disbursements of funds of the Credit Union except as provided in Rule 20 (ii) shall be made by cheques or other written instruments signed by such duly authorised person(s) as the Board of Directors may by resolution, from time to time determine.
- 73. All funds of the Credit Union, except for cash change funds authorised by Rule 71 of this Article, shall be deposited not later than the second banking day after their receipt.

**ARTICLE XVI
POWER TO BORROW**

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

**ARTICLE XVII
FINANCIAL YEAR**

- 75. The Financial Year of the Credit Union shall end on July 31st of each year.

**ARTICLE XVIII
SEAL**

- 76. i. The Board of Directors shall adopt for the use of the Credit Union a distinctive seal having the name of the Credit Union inscribed thereon.
- ii. The Seal of the Credit Union shall at all times remain in the custody of the Treasurer at the Registered Office of the Credit Union

iii. The Seal of the Credit Union shall not be affixed to any document except by the authority of a resolution of the Board of Directors and in the presence of at least two members of the Board of Directors and the Secretary or such person as the Board of Directors may appoint for the purpose; and the two members of the Board of Directors and the Secretary or other person as aforesaid shall sign every document to which the Seal of the Credit Union is affixed in their presence.

ARTICLE XIX POWERS OF NOMINATION

77. i. A member of the Credit Union may by writing under his hand, deliver at or send to the Registered Office of the Credit Union during the lifetime of such member, nominate any person or persons other than an Officer or servant of the Credit Union (unless such Officer or servant is the husband, wife, father, mother, child, brother, sister, nephew, or niece of the nominator) to or among whom his property in the Credit Union whether in shares, loans, or deposits or so much thereof as is specified in such nomination if the nomination does not comprise the whole, shall be transferred at his decease.
- ii. A nomination so made may be revoked or varied by any similar document under the hand of the nominator deliver or send as aforesaid.
- iii. Every appointment of a nominee shall be made in the form prescribed by the Registrar or duly authorised body.
- iv. A notice of the right of nomination shall be sent by the Treasurer to every individual member who has not exercised this right with the notice convening the Annual General Meeting in each year, and shall be otherwise given as the Board of Directors may direct.
78. On receiving satisfactory proof of death of a nominator the Board of Directors shall proceed in the manner laid down in Section 19 of the Law and the relevant Regulation.

ARTICLE XX UN SOUND OR LUNATIC MEMBERS

79. i. Where a member of the Credit Union has been medically certified in accordance with the Mental Health Law as being of unsound mind, incapable of managing himself or his affairs, and no committee of his estate or trustee of his property has been appointed, the Credit Union may, subject to the provisions of Regulation and of Section 29 of the Law and any conditions which the Board of Directors may impose;
- a. Transfer the whole or any portion of the share or interest of such member to the legal guardian who has been awarded such powers by the Grand Court of the Cayman Islands the care of such member of the management of his affairs.
- ii. All transfers and payments made by the Credit Union in accordance with the provisions of these Rules shall be valid and effectual against any demand made upon the Credit Union by any other person.

ARTICLE XXI DISPUTES

80. i. Any dispute touching the business of the Credit Union which may arise: -
- a. Among members, past members, and persons claiming through members, past members and deceased members; or
- b. Between a member, past member, or person claiming through a member, past member or deceased member of the Credit Union, its Board of Directors or any Officer of the Credit Union;
- c. Between the Credit Union or its Board of Directors and any Officer of the Credit Union; or

d. Between the Credit Union and any other Registered Society shall be referred to the Registrar or duly authorised body as provided in Section 50 of the Law.

ii. A claim by the Credit Union for any debt or demand due to it from a member, past member or the nominee, heir or legal representative of a deceased member, shall be deemed to be a dispute touching the business of the Credit Union.

ARTICLE XXII AMENDMENTS OF THESE RULES

81. i. These Rules may be amended by a resolution of the members at any Annual General Meeting or Special General Meeting called for the purpose by three-fourths vote of those present and entitled to vote, provided that no later than 14 days before the meeting, a written notice of the meeting is sent to members by post, email, other electronic means, publication on the Credit Union's website, or available at the its Offices during regular hours of operation. All notices of meetings shall also be published or aired in the local media no later than 14 days before the meeting.

Each form of communication listed in these Rules shall independently constitute valid communication to members of the notice of the meeting and the proposed amended Rules.

ii. No amendment to these Rules shall become operative until it has been approved by the Registrar or duly authorised body in accordance with the Law.

ARTICLE XXIII SPECIAL BYE-LAWS

82. i. The Board of Directors shall have power to make Special Bye-Laws consistent with the provisions of the Law, Regulations, and these Rules, for the proper conduct of the business of the Credit Union as from time to time may seem necessary to them. No such Bye-Laws shall, however, be valid until they are approved by the Registrar or duly authorised body.

ii. The Credit Union shall keep a book containing all such Bye-Laws to be kept open at all times for inspection by members, or any person authorised by the Registrar or duly authorised body.

ARTICLE XXIV VOLUNTARY DISSOLUTION

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