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**Proposed Rule Amendments to the**

**2020 Annual General Meeting**

At the 2019 Annual General Meeting the Board proposed a series of Rule Amendments to strengthen the governance of the Credit Union. The amendments reallocated the responsibilities of the Supervisory Committee to an Audit Committee. This was for several strategic and regulatory reasons, notably the Board were concerned that the lack of independent oversight was a significant risk to members.

In particular, there had been an extended period of inactivity and shortage of volunteers for the Supervisory Committee, and the regulatory requirements had increased and were continuing to increase, leading to an increased burden on volunteers to have and maintain the necessary skills and experience.

At the Annual General Meeting itself the Board were pleased to support a further Rule Amendment from the floor, so that two members could sit as lay-members of the Audit Committee. The Board are extremely pleased with the functioning of the Audit Committee and the value that it has brought to members this year.

The Board has no proposals for Amendments to Rules.

However, under Rule 155 any member of the Credit Union may propose Rule Amendments by serving notice on the Board before October 1st each year. To this end and with a view to reinstating the Supervisory Committee the Board has been advised by Member 5769 of their desire to reverse each of the Rule Amendments agreed at last year’s Annual General Meeting.

**Proposition 1. By member 5769**

**Heading and Rules 129 to 131.**

Delete the headings ‘**AUDIT COMMITTEE’** and ‘**Roles and Responsibilities’** and Rules 129 to 131 and insert

**SUPERVISORY COMMITTEE**

**Roles and Responsibilities**

129. The Credit Union shall have a supervisory committee. The Board of Directors and the supervisory committee shall agree the Terms of Reference of the supervisory committee. Members of the supervisory committee shall not be members of the Board of Directors, or any other permanent committee of the Credit Union, or be employed by the Credit Union, and shall be elected in accordance with the provisions of these rules.

130. If a vacancy occurs on the supervisory committee, its remaining number shall have the power to co-opt a replacement for the remaining term of office. The supervisory committee shall be notified of all meetings of the Credit Union and be entitled to attend such meetings, including meetings of the Board of Directors of the Credit Union. The supervisory committee shall report each year to the annual general meeting.

131. The supervisory committee has the power to recommend to the Board that the internal audit function be outsourced. The supervisory committee shall be responsible for ensuring that the internal audit function is performed in accordance with prescribed terms of reference.”

If Proposition 1 is accepted the following Rule Amendment will be made to the Rulebook:

**~~AUDIT COMMITTEE~~ SUPERVISORY COMMITTEE**

**Roles and responsibilities**

129. The Credit Union shall have an ~~Audit Committee~~ Supervisory Committee. The Board of Directors and the Supervisory Committee shall agree the Terms of Reference of the Supervisory Committee. Members of the supervisory committee shall not be members of the Board of Directors, or any other permanent committee of the Credit Union, or be employed by the Credit Union, and shall be elected in accordance with the provisions of these rules. ~~Membership of the Audit Committee will consist of a minimum of two independent directors. One director will be elected by the Board of Directors as the Chairperson of the Audit Committee. The Audit Committee, with the permission of the Board of Directors, shall have the power to appoint others as it sees fit and necessary to ensure that it is able to carry out its duties. The Chairman of the Board shall not be a member of the committee. The Audit committee will allow a minimum of two members of the Credit Union to be members of the Audit Committee.~~

130. If a vacancy occurs on the supervisory committee, its remaining number shall have the power to co-opt a replacement for the remaining term of office. The supervisory committee shall be notified of all meetings of the Credit Union and be entitled to attend such meetings, including meetings of the Board of Directors of the Credit Union. The supervisory committee shall report each year to the annual general meeting. ~~The Board of Directors shall agree and set the Terms of Reference under which the Audit Committee operates. The Audit Committee will be responsible for monitoring the Credit Union's outsourced internal and external audit functions and regulatory reporting, ensuring that they are performed in accordance with prescribed terms of reference. The Committee will report to the meetings of the Board of Directors and make recommendations to the Board on these matters.~~

131. The supervisory committee has the power to recommend to the Board that the internal audit function be outsourced. The supervisory committee shall be responsible for ensuring that the internal audit function is performed in accordance with prescribed terms of reference. ~~The Audit Committee will report each year to the annual general meeting.~~

**Proposition 2. By member 5769**

**Rule 122q. Line 2.**

Delete the words ‘Audit Committee’ and insert the words “Supervisory Committee”

If Proposition 2 is accepted the following amendment will be made to the Rulebook:

q. Remunerating necessary clerical and auditing assistance employed or utilised by the ~~Audit Committee~~ Supervisory Committee;

**Proposition 3. By member 5769**

**Rule 146. Lines 3 and 4.**

Delete the words ‘Audit Committee’ and insert the words “Supervisory Committee”

If Proposition 3 is accepted the following amendment will be made to the Rulebook:

146. 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, ~~Audit Committee,~~ Supervisory Committee, or other persons duly authorised on their behalf.

**Proposition 4. By member 5769**

**Rule 23. Lines 6 and 7.**

After the words ‘Board of Directors’ delete the full stop and insert the words ‘and the Supervisory Committee.”

If Proposition 4 is accepted the following amendment will be made to the Rulebook:

23. Subject to the receipt of notice of expulsion in accordance with these Rules, a Member shall be suspended from participation in the Credit Union pending the completion of an investigation. The investigation may recommend the Member’s subsequent expulsion from membership of the Credit Union. Any recommendation for expulsion shall be voted upon by passing a resolution carried by a majority present at a meeting of the Board of Directors~~.~~ and of the Supervisory Committee.

**Proposition 5. By member 5769**

**Rule 83. Line 2.**

After the words ‘Board of Directors’ insert the words “or the Supervisory Committee”

If proposition 5 is accepted the following amendment will be made to the Rulebook:

83. Any general meeting of the Credit Union other than an annual general meeting shall be a special general meeting. The Board of Directors or the Supervisory Committee of the Credit Union may for good reason convene a special general meeting for any purposes not specifically provided for elsewhere in these Rules.

**Proposition 6. By member 5769**

**Heading and Rule 87.**

**Heading** after the words ‘called by’ delete the words ‘the Board of Directors’ and insert the words “the Supervisory Committee.

**Rule 87. Line 3.** Delete the words ‘Board of Directors’ and insert the words ‘Supervisory Committee”

**Rule 87. Line 3.** Delete the words ‘Board of Directors’ and insert the words ‘Supervisory Committee”

If proposition 6 is accepted the following amendment will be made to the Rulebook:

**Special general meeting called by the ~~Board of Directors~~ Supervisory Committee**

87. If an Officer of the Credit Union has been suspended from office by the ~~board of dDirectors~~ supervisory committee using the procedure set out in rule 132 and has not tendered their resignation within 7 days of said suspension then the ~~board of directors~~ Supervisory Committee shall convene a special general meeting of the Credit Union to be held no later than 30 days following the suspension. If the majority of the Members present at such a meeting so vote by secret ballot they may:

**Proposition 7. By member 5769**

**Rule 132.** Delete the Rule in its entirety and insert:

132. The supervisory committee may, by a unanimous vote of the entire membership at a special general meeting called for the purpose, suspend from office any Officer of the Credit Union who, in the opinion of the supervisory committee is guilty of a persistent or serious breach of the law in relation to the Credit Union, these rules or policies laid down by the Board of Directors. Whether or not it suspends any officer, the supervisory committee may by unanimous decision convene a meeting of the Board of Directors or a special general meeting of the Credit Union to consider such an action at which such Officer(s) shall be given an opportunity to state their case and/ or be represented.

If proposition 7 is accepted the following amendment will be made to the Rulebook:

132. The ~~Board of Directors~~ Supervisory Committee may, by a unanimous vote of the entire membership at a special general meeting called for the purpose, suspend from office any Officer of the Credit Union who, in ~~its opinion~~ of the Supervisory Committee is guilty of a persistent or serious breach of the law in relation 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 an action, at which meetings such Officer(s) shall be given an opportunity of state their case and/or be represented.

**Proposition 8. By member 5769**

**Rule 63. Lines 5 and 6.**

Delete the words ‘The Audit Committee shall be informed of any such loan within 14 days of its approval’ and insert “Any such loan must be approved by the Credit Committee. The Supervisory Committee should be advised of any such loans within 14 days.”

If proposition 8 is accepted the overleaf amendment will be made to the Rulebook:

63. Members of the Board of Directors, Officers, Approved Persons and employees of the Credit Union may, as a Member of the Credit Union, be granted a loan by the Credit Union subject to rule 64. Such a Member may not be involved in the decision on the granting of the loan and such a loan may not be approved solely by a loan officer of the Credit Union. ~~The Audit Committee shall be informed of the details of any such loan within 14 days of its approval~~. Any such loan must be approved by the Credit Committee. The Supervisory Committee should be advised of any such loans within 14 days.

**Proposition 9. By member 5769**

**Rule 123 g. Line 2.**

Delete the words ‘Chair of the Audit Committee’ and insert “Supervisory Committee”

If Proposition 9 is accepted the following amendment will be made to the Rulebook:

g. They resign their office in Writing to the Secretary or to the President or to the ~~Chair of the Audit Committee~~ Supervisory Committee;

**Proposition 10. By member 5769**

**Rule 90. Line 3.**

After the words Board of Directors insert the words “, the Supervisory Committee,”

If proposition 10 is accepted the following amendment will be made to the Rulebook:

90. A Member of the Credit Union may not vote by proxy at a general meeting of the Credit Union. Postal voting may be used, at the discretion of the Board of Directors, as part of the procedure for the nomination and election of the Board of Directors, the Supervisory Committee, and the credit committee (if in existence) of the Credit Union.

**Proposition 11. By member 5769**

**Rule 99. Line 1.**

After the words Board of Directors insert the words “, the Supervisory Committee,”

If proposition 11 is accepted the following amendment will be made to the Rulebook:

99. Nominations for the Board of Directors, the Supervisory Committee, and the Credit Committee (if in existence) shall be in Writing and shall be signed by a proposer and a seconder who must also be Members of the Credit Union and also by the nominee to indicate their consent, and their willingness to submit to any requirements of the Relevant Authority. Nominations shall be sent so as to ensure they reach the registered office of the Credit Union at least 14 days before the date of the Annual General Meeting where the election shall take place.

**Proposition 12. By member 5769**

**Rule 122 n. Lines 1 and 2.**

After the words ‘Credit Union’ insert the words “, other than the Supervisory Committee,”

If proposition 12 is accepted the following amendment will be made to the Rulebook:

n. Filling any casual vacancy in the office of auditor, or in any office in the Credit Union, other than the Supervisory Committee, subject to rules 111and 141;

**Proposition 13. By member 5769**

**Rule 122 v. Line 1.**

After the words ‘sub-Committee members’ insert the words “except members of the Supervisory Committee,”

If proposition 13 is accepted the following amendment will be made to the Rulebook:

v. Remove from office Officers and sub-committee members, except members of the Supervisory Committee, for failure to perform their duties or breach of these Rules;

**Proposition 14. By member 5769**

**Rule 122 w.**

Re-instate Rule as it appeared in the Rulebook prior to 2019 Annual General Meeting.

If proposition 14 is accepted the following Rule will be re-inserted into the Rulebook:

w. Suspend any or all of the members of the supervisory committee as provided for by rules 133 and 134;

**Proposition 15. By member 5769**

**Rule 123i. Line 3.**

After the words ‘Board of Directors’ insert the words “or by the Supervisory Committee”

If proposition 15 is accepted the following amendment will be made to the Rulebook;

1. They are removed by a resolution of a majority of the Members of the Credit Union present at a special general meeting called for that purpose by the Board of Directors or by the supervisory committee or by the Members provided that such an Officer shall be given at least 14 days’ notice of the meeting and of the intention to remove him or her from office;

**Proposition 16. By member 5769**

**Rule 133.**

Insert heading of “**Suspension from the supervisory committee”** and Rule 133as it appeared in the Rulebook prior to 2019 Annual General Meeting.

If proposition 16 is accepted the following Rule will be re-inserted into the Rulebook:

**Suspension from the supervisory committee**

133. The Board of Directors may, by a majority vote of the entire membership of the Board at a special meeting called for the purpose, suspend from office the Supervisory Committee or any of its members, for any grave and sufficient reason.

**Proposition 17. By member 5769**

**Rule 134.**

Insert Rule 134as it appeared in the Rulebook prior to 2019 Annual General Meeting.

If proposition 17 is accepted the following Rule will be re-inserted into the Rulebook:

134. Whenever a member(s) of the supervisory committee has been suspended from office under the preceding rule, and within 7 days of said suspension 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 a 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 shall determine the manner in which the vacancy caused by the suspension shall be filled, and shall fill the vacancy at such meeting;

b. Rescind the suspension;

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 caused by the removal shall be filled.

Provided, however, that no person shall be removed from office under this rule without being given an opportunity of being represented or being heard at a special general meeting of which he or she shall be given 14 days’ notice in Writing.