



Rules of Bradford District Credit Union Limited

2023

(Registered under the Co-operative and Community Benefit Societies Act 2014)

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Introduction to the Rule Book

Scope of Document

This document sets out the rules and policies put in place around the governance arrangements of the Bradford District Credit Union and its compliance with all relevant regulations and legislation.

Regulation

The Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) both regulate the operation of credit unions and monitor their ability to satisfy a range of criteria designed to protect the consumer. The BDCU must comply with all regulatory and legislative requirements.

Association of British Credit Unions Limited

The BDCU is currently a member of the Association of British Credit Unions Limited (ABCUL) and shall observe its rules (see Rules 154 and 155).

Audience and Distribution

This document is intended for use by the BDCU's Board of Directors and relevant sub committees, the CEO of the BDCU, its employees (whether permanent, temporary or freelance contractors) and its Regulators. A copy of the Rulebook will also be made available on request to any Member of the BDCU or any other person, in line with Rule 29.

Details of the Credit Union

Name

1. The Registered name of the Credit Union is the Bradford District Credit Union Limited ('the BDCU').

Registered Office

2. The Registered Office of the BDCU is at:

City Hall
Bradford
BD1 1HY

Or at such other place as may be agreed by the BDCU's Board of Directors and registered with the relevant authorities.

Objects

3. The objects of the BDCU are:
 - a) The promotion of thrift among the Members of the society by the accumulation of their savings;

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- b) The creation of sources of credit for the benefit of its Members at fair and reasonable rates of interest;
- c) The use and control of Members' savings for their mutual benefit; and
- d) The training and education of its Members in the wise use of money and in the management of their financial affairs.

Powers

- 4. Subject to the requirements of the law and the relevant authorities, the BDCU shall have the right to take any actions necessary to fulfil its objects.

Social Goals

- 5. If agreed by its Board of Directors, the BDCU may adopt one or both of the following additional social goals within its policies:
 - a) To contribute towards the alleviation of poverty within the community; and
 - b) To contribute towards the economic regeneration of the community.

Provided these social goals are only pursued within the scope of the BDCU.

Responsibilities and Permissions

- 6. The Board of Directors is responsible for ensuring that the BDCU maintains all necessary permissions to operate legally as a Credit Union. This will include that the BDCU remains compliant with all requirements of the law and the Regulators.

The Board of Directors will pay particular attention to the requirements of the Consumer Duty Regulations enforced by the FCA. To this end, the Board will ensure that all policies and procedures reflect these requirements and that all staff are provided with suitable induction and ongoing training to comply with the same.

The Board of Directors and the CEO shall ensure the BDCU complies with the rules set out in this Rulebook.

Employees and volunteers are required to comply with these Rules and seek clarification on any part that is unclear to them.

Membership Policy

Membership Restrictions

According to the rules of the BDCU, membership is restricted to persons who fall within one or more common bonds appropriate to the BDCU (whether or not any other qualifications for admission to membership are required under the rules).

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7. Admission to membership of the BDCU is restricted to:

Individual Membership Restrictions

- a) An individual who resides or is employed in the locality of:
- All Craven District Council Area, North Yorkshire
 - All Bradford Metropolitan District Council Area, West Yorkshire
 - All Kirklees District Council Area, West Yorkshire
 - HD6 postcode area of the Calderdale District Council Area, West Yorkshire
- b) An individual who is employed by the following employers:
- Incommunities Housing Association
 - Clarion Housing Association
 - Accent Housing Association
 - Horton Housing Association
 - West Yorkshire Pension Fund
- c) An individual who is otherwise associated with other members through being in receipt of housing services from those employers listed in b).
- d) An individual who is a member of the same household as, and is a relative of, an individual who is a member of the BDCU and falls directly within a common bond specified above.

Corporate Membership Restrictions

A corporate body, an individual in their capacity as a partner in a partnership, an individual in their capacity as an officer or member of a governing body of an unincorporated association, if the body is corporate, partnership or incorporated association:

- a) Has a place of business in the above localities; or
- b) Is a member of the bona fide organisations listed in Rule 7 b) above.

Memberships via Specific Services

Subject to approval by the Relevant Authority, the BDCU may offer Membership to individuals and corporate bodies as part of any ventures the BDCU may enter into to offer specific services in other areas of the UK. The services and locations will be specified in any application and will also be subject to agreement by the Members at a General Meeting. The BDCU will take all reasonable steps to ensure that the services being offered do not encroach on any other credit union that may be operating in that area. Any such venture will be first run on a pilot scheme basis and only rolled out further if that pilot is successful.

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Limitations on Corporate Membership

8. The Board of Directors shall ensure that, at all times, the number of Corporate Members in membership of the BDCU does not exceed 10% (or such other amount as prescribed by law) of the total number of members of the BDCU. If the number of Corporate Members should exceed the limit prescribed at any time, then the Board of Directors shall take all steps to reduce the number below the limit prescribed by expelling from membership those Corporate Members determined by the Board of Directors using a policy and procedure determined by the Board. In determining the policy for the expulsion of Corporate Members the Board of Directors will assess the impact to the BDCU of expelling any particular Corporate Member.

Joint Accounts

9. The BDCU may offer a joint account facility to Members that are individuals. A joint account shall only be available to two individuals who each qualify for, obtain and continue to hold membership under the common bond qualification. The BDCU shall establish a procedure on the operation of a joint account.
10. In the event of the death of one of the holders of a joint account, the joint account shall be transferred to the surviving party, unless there is a written agreement between the holders which has been lodged with the BDCU.

Non-Qualifying Members

11. Should a Member cease to fulfil the criteria to be a member of the BDCU, they will be regarded as a Non-Qualifying Member. A Non-Qualifying Member may retain their membership and voting rights in the BDCU and continue to acquire Shares and to receive loans subject to legislation and the provisions of these Rules.
12. The number of Non-Qualifying Members shall not exceed 10 percent of the total membership. If the number of Non-Qualifying Members rises above ten per cent at any time, then the Board of Directors shall take steps to reduce this number to or below 10 percent. Ultimately the Board of Directors shall be required to expel from membership those who have most recently become Non-Qualifying Members, subject to these Rules.

Junior Savers

13. The BDCU may accept deposits from a young person who is below the age defined in Rule 14 of these Rules, but who would otherwise qualify for membership of the BDCU. Such a Member will be referred to as a Junior Saver.
14. A Junior Saver, who is eligible for membership of the BDCU according to Rule 7 of these rules, shall convert to full membership of the BDCU upon reaching the age of 17, provided

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that no person that has a deposit in a child trust fund account or a junior ISA is eligible for membership of the BDCU until they have reached the age of 18 years. A Member between 17 and 18 years of age, subject to these rules, enjoys all the rights of a Member and give receipts necessary to be executed or given under these rules but may not receive loans, act as guarantor or be an Officer in the BDCU until reaching the age of 18. The receipts of a minor shall be a valid and sufficient release and discharge to the BDCU.

- 15.** On the agreement of the Directors, the BDCU may take deposits up to the greater of £10,000, or 1.5 per cent (or such other sum as may be permitted by the Relevant Authority), of the total shareholding of the BDCU from a Junior Saver of the BDCU.

Applications for Memberships

- 16.** No applicant shall be granted membership of the BDCU unless the applicant:
- a) Supports the objects and social goals of the BDCU;
 - b) Has paid such entrance fee as required;
 - c) Has completed an application for membership in a form accepted by the Board of Directors; and
 - d) The Board has approved the application using such procedures as agreed by them from time to time.
- 17.** An applicant for membership of the BDCU may be admitted to membership only when:
- a) The applicant meets the criteria in Rule 7 of this Rulebook to qualify for membership of the BDCU;
 - b) In order to help prevent money laundering and comply with all relevant laws and regulations, the applicant provides sufficient evidence to prove their identity, including their address and, in the case of a corporate body, proof of incorporation;
 - c) The applicant agrees to abide by all relevant terms and conditions, including the payment of any applicable administration fees, as set by the Board of Directors and agreed by the Members at an Annual General Meeting; and
 - d) The applicant purchases and retains at least one £1.00 Non-Deferred Share in the BDCU and agrees to bring their shareholding up to a minimum of £5.00 within 6 months of joining the BDCU, in line with Rule 46 of this Rulebook.
- 18.** A Member of the BDCU may hold more than one account in the BDCU, except where said membership is contingent on the limitations of a specific service offered outside of the BDCU's normal common bonds.

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Register of Members

- 19.** The BDCU shall keep, at its registered office, a register of Members as per section 30 of the Co-operative and Community Benefit Societies Act 2014, containing the following details:
- a) The names and addresses of the members;
 - b) A statement of the number of shares held by each member and of the amount paid or agreed to be considered as paid on the shares of each member;
 - c) A statement of other property in the society, whether in loans, deposits 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 society, with the offices held by them respectively, and the dates on which they assumed office.

The register shall be so constructed so that it is possible to inspect the particulars therein mentioned in paragraphs (a) (d) and (e) of Rule 19 without exposing the other particulars entered therein.

Cessation of Membership

- 20.** A Member shall cease to be such if:
- a) They no longer meet the criteria for membership as specified in Rule 7 (subject to Rules 11 and 12); or
 - b) They die (if an individual member); or
 - c) They are a corporate member, and that corporate body is wound up or goes into liquidation; or
 - d) They are a Member in the capacity of the Designated Representative of an unincorporated association or partnership (that is not a body corporate) which is wound up or goes into liquidation; or
 - e) They are a Member in the capacity of the Designated Representative of an unincorporated association or partnership (that is not a body corporate) which removes or replaces them as its Designated Representative, provided the following is adhered to:
 - i. any loans held by the Member are repaid in full;
 - ii. any Non –Deferred Shares held by the Member are repaid in full by the BDCU;
 - iii. any deferred shares are transferred to another member of the BDCU in accordance with Rule 44; or
 - f) If the partnership or unincorporated association wishes to appoint another Designated Representative, then that Representative should make an application for membership as per Rules 16 and 17; or

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- g) By virtue of a Member becoming a Non-Qualifying Member of the BDCU, the number of Non-Qualifying Members exceeds the maximum as per Rule 12; or
- h) By virtue of being a Corporate Member of the BDCU who has been expelled in accordance with Rule 8; or
- i) They voluntarily withdraw from the BDCU in accordance with these Rules; or
- j) At the discretion of the Board of Directors, membership shall be withdrawn if a Member's Non-Deferred Share balance is not brought up to the minimum shareholding requirement as per Rule 46; or
- k) They are expelled by the BDCU in accordance with Rules 23 and 24.

Withdrawing from Membership

- 21.** Members without any outstanding loans to the BDCU may voluntarily withdraw from membership of the BDCU at any time by withdrawing any money paid in on non-Deferred Shares in the BDCU, having given such notice as has been agreed by the Board of Directors. Members with an outstanding loan with the BDCU shall be required to settle their account prior to being permitted to withdraw from membership of the BDCU.
- 22.** Members holding Deferred Shares shall not have the power to withdraw them. Repayment of any Deferred Shares shall be made in accordance with the issue documents which comply with Section 31A of the Credit Unions Act 1979.

Expulsion from Membership

- 23.** Subject to the receipt of a notice of expulsion, as per Rule 25, a Member shall have their membership of the BDCU suspended pending the completion of an investigation. Should that investigation recommend the member be expelled from the BDCU, the decision for such an expulsion will be made by the Board of Directors. Such resolution will require a majority vote in order to pass.
- 24.** Member may be suspended, and subsequently expelled, from the BDCU for any grave and sufficient reason including, but not limited to, the following:
 - a) Wilful breach of, or refusal to comply with, the Rules;
 - b) Divulging confidential information obtained by virtue of being a Member of the BDCU;
 - c) Deceiving the BDCU regarding the purpose of money borrowed or its subsequent use;
 - d) Default and continued refusal to honour a debt, the repayment terms of which had been agreed in a signed loan agreement;
 - e) Maliciously and knowingly spreading incorrect reports about the management of the BDCU;

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- f) Wilfully making any entry, error or erasure in, or omission from any passbook, record or return of the BDCU with the intent to falsify it;
- g) Actively working against the interests of the BDCU and/or its membership;
- h) Allowing their account to become dormant and failing to remedy the situation in accordance with Rules 30 to 34;
- i) Using the BDCU as a vehicle for committing an offence under the Money Laundering Regulations, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLR 2017);
- j) Committing an offence of dishonesty against the BDCU, including the wilful damage or destruction of records or other property of the BDCU, or knowingly passing forged papers through the BDCU;
- k) Falsifying information on their application form which would affect their qualification for membership, even if this is found after they have been admitted as a Member;
- l) Abusive behaviour towards the employees or volunteers of the BDCU.

Notice of expulsion

- 25.** A notice of expulsion of a Member shall be sent by special delivery to the last known Address of the Member and shall contain a reference to the expulsion appeals procedure. The notice of expulsion of the Member shall not become effective until 30 days after the date of posting the notice of expulsion or until the result of any appeal, if any, whichever is the later.

Appeal against expulsion

- 26.** A Member shall have 14 days from the receipt of a notice of expulsion to request an appeal against their expulsion. The Board of Directors shall, upon a request received in Writing from the Member on whom the notice of expulsion has been served, convene a Special General Meeting of the Members to consider the matter of their expulsion. The meeting shall be held not later than 60 days after the date on which the expulsion notice has been served on them. The Member shall have the right to be represented and heard at such Special General Meeting. The Special General Meeting shall have the power, by a majority decision of Members present, to confirm the Member's expulsion or to direct that they shall remain a Member of the BDCU. The result of the appeal shall be final.

Liability of withdrawn and expelled Members

- 27.** Withdrawal or expulsion of a Member from the BDCU shall not relieve such Member from any liability which existed at the time of their withdrawal or expulsion.
- 28.** The amount deposited by a Member who withdraws or is expelled shall be paid to them as funds become available, but only after all monies owed by them to the BDCU have been

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deducted. Any amount due to a withdrawn or expelled Member shall be repaid within a period of less than 60 days beginning on the day following the expulsion or notice of withdrawal. No payment shall be paid to such a Member unless all of their liabilities to the BDCU have been fully discharged.

Availability of Rules

- 29.** A copy of these Rules, and any amendments made to them, shall be made available to Members of the BDCU on demand, free of charge. A copy will also be provided to any other person on demand and upon payment of an amount no more than the specified amount chargeable in law for the time being in force.

Dormant accounts

- 30.** If a period of 12 months passes without any transactions on the account of a Member (or on any of their accounts if they have more than one), the Board of Directors shall have the discretion to declare that the account has become dormant. The Board may take account of any extenuating circumstances in making this declaration.
- 31.** The Board of Directors shall have the discretion to charge an annual administration fee on each dormant account. This amount will not exceed £5 or any such reasonable amount sufficient to cover the administration costs of membership specified by the Board of Directors from time to time and agreed by the Members at the Annual General Meeting.
- 32.** In relation to a Member who does comply with the minimum shareholding requirement as set out in Rule 46, but whose account is dormant, the BDCU may alert the Member to the dormancy by contacting the Member in Writing at their last known Address. The BDCU will notify the Member that there have been no transactions on their account (or accounts if they have more than one) during the last 12 months and provide the Member with a six week period to determine the future use of their account(s).
- 33.** Any communication in writing made under Rule 32 shall contain:
- a) Information on reactivating or closing their account and withdrawing from membership;
 - b) Information about the right of the BDCU to charge an annual administration fee;
 - c) Information on the BDCU's right to remove dormant accounts into a suspense account, and subsequently expel the member, as per Rule 34.
- 34.** If the Member does not reactivate or close their account(s) within six weeks of the BDCU issuing the communication, the Board of Directors shall have the discretion to:
- a) Hold any monies within the account(s) of such Member in a suspense account pending the Member's subsequent withdrawal of their money, or activity on their account;

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- b) Charge the annual administration fee; and
- c) Expel the Member from membership of the BDCU in accordance with Rule 24.

SHARES

- 35.** The BDCU may offer Non-Deferred Shares and Deferred Shares. The nominal value of each Share shall be £1.00. A Member must purchase and hold at least one £1 Share in the BDCU. (See Rule 17d and 46 for rules on active membership)
- 36.** The BDCU may issue Interest Bearing Shares if it meets the criteria for doing so as may be prescribed by law, the Relevant Authority and these Rules.
- 37.** When a Member opens a share account the BDCU must inform the Member whether said share account will qualify for interest or dividend as per the Rules. If a Member is informed that they hold Interest Bearing Shares they must also be informed that, if the BDCU ceases to meet the criteria set out by law or the Relevant Authority to pay interest on Shares, their Interest Bearing Shares will be converted to Dividend Bearing Shares.
- 38.** The Board of Directors must establish a policy and procedure to be followed if the Interest Bearing Shares held by a Member need to be converted to Dividend Bearing Shares.
- 39.** Interest Bearing Shares shall not be eligible for a dividend. Interest shall be set and credited using an agreed policy and procedure established by the Board of Directors.

Non-Deferred Shares

- 40.** Non-Deferred Shares shall be withdraw-able subject to the provisions of Rules 51 and 52.
- 41.** Non-Deferred Shares shall not be transferable and the BDCU shall not issue to a Member a share certificate denoting ownership of a Non-Deferred Share.

Deferred Shares

- 42.** Members of the BDCU shall be eligible to purchase Deferred Shares which may be issued by the BDCU under the terms and obligations as set out in an Issue Document(s). Upon purchase the BDCU shall issue a share certificate denoting ownership of a Deferred Share(s).
- 43.** For any Deferred Share(s) issued to a Member the BDCU must transfer an equivalent amount (in whole pounds) to reserves.
- 44.** Deferred Shares are non-withdrawable but are transferable and repayable only in the circumstances set out in the Issue Document(s). Deferred Shares shall only be transferred to another Member of the BDCU using a procedure agreed by the Board of Directors.

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- 45.** Deferred Shares do not hold the right to any additional votes in the BDCU and shall not count towards, or be subject to, the required minimum shareholding specified in Rule 46 nor the maximum shareholding specified in Rule 47.

Minimum Shareholding

- 46.** The Board of Directors will agree the minimum shareholding (excluding Deferred Shares) required to remain in membership of the BDCU. Such sum shall not exceed £5.00. Deferred Shares are not included in the minimum shareholding. The Board of Directors shall have the discretion to withdraw membership from any Member whose account has not been brought up to the minimum Non-Deferred Shareholding requirement within six months of admission to membership, or any Member whose account is reduced below the minimum Non-Deferred Shareholding. The procedure to be followed for withdrawing membership will be:
- a) Providing Notice in Writing to the member's last known Address;
 - b) The Notice shall give the Member a grace period of 6 months in which to increase their shareholding to the minimum required or withdraw their Non-Deferred Shares; or
 - c) If the Member has not acted under (b) above, the balance of the account may be declared by the Board of Directors to be forfeited to the BDCU and membership shall be withdrawn on the same date.

Maximum shareholding

- 47.** No Member shall have, or claim an interest in, Non-Deferred Shares of the BDCU, exceeding £15,000 or 1.5 per cent (or such other sum as may be permitted by the Relevant Authority), of the total Non-Deferred Shareholdings in the BDCU, whichever is the greater figure.
- 48.** In total, Corporate Members shall not have, nor claim an interest in, fully paid up Non-Deferred Shares of the BDCU exceeding 25 per cent (or such other amount as may be prescribed by law) of the total fully paid up Non-Deferred Shares of the BDCU. If this percentage is exceeded the Board of Directors shall repay Non-Deferred Shares held by Corporate Members using an agreed policy until a point where the percentage is no longer exceeded.
- 49.** The maximum Non-Deferred Shareholding limit of a joint account shall be double the limit on an account held by a Member that is an individual. The amounts held separately in an individual and joint account shall be amalgamated.
- 50.** For the purpose of Rules 47 and 48 the total fully paid up Non-Deferred Shares in the BDCU shall be taken to be the total fully paid up Non-Deferred Shares as shown in the most recent annual return to have been sent to the Relevant Authority.

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Withdrawing Shares

51. Subject to Rule 52, money paid in on Shares, may be withdrawn by a Member on any day as provided for by the Board. However, if required, the Board may request up to sixty days' notice from a Member of their intention to withdraw their shareholding.
52. Where a Member also has an outstanding loan with the BDCU, their right to withdraw Non-Deferred Shares would be subject to any restrictions included in the terms and conditions of the loan agreement.

Insuring shares

53. The Board of Directors may enter into arrangements with a person carrying on the business of life savings insurance for the purpose of providing insurance cover on Members' (excluding corporate members) shareholdings in the BDCU. Any monies paid to the BDCU by virtue of said insurance arrangements shall be credited to the share account of the insured Member subject to the provisions of Rule 47.

Financial Services Compensation Scheme

54. Members' Non-Deferred Shares and junior savers' deposits are protected by the Financial Services Compensation Scheme, subject to the current terms of the Scheme that may be in existence. Deferred Shares are not covered by the Financial Services Compensation Scheme.

LOANS

Loans to Members

55. The BDCU may make loans to Members eligible to receive them. No individual under 18 years shall be eligible to receive a loan from the BDCU. A Member who holds Deferred Shares in the BDCU may not borrow on the strength of that shareholding nor use Deferred Shares to guarantee the repayment of another Member's loan.
56. The Board of Directors shall determine from time to time the loan policy of the BDCU which shall apply to all Members. The loan policy shall include:
 - a) The maximum loan amounts available to Members;
 - b) Any limits or requirements that may be attached to secured and unsecured loans; including loans secured on shares and loans with shares attached;
 - c) Under what circumstances shares will be attached to a loan;
 - d) The rate of interest charged on loans (not to exceed any maximum rate as may be prescribed by law); and
 - e) The application procedure for loans.

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57. The BDCU shall not at any time make a loan to a Member if the making of such a loan would bring the total amount outstanding on loans to Members above such a limit as may be prescribed by law or rules established by the Relevant Authority.
58. The BDCU shall not at any time make a loan to a Corporate Member, if the making of such a loan causes the total loans to Corporate Members be in excess of the limit of 10% of the aggregate of the outstanding balances on all loans (or such other amount as prescribed by law).
59. Two Members agreeing to take out a loan on a joint account shall be held jointly and severally liable for repayment of the loan.
60. Any person knowingly responsible for the issue of a loan to a person other than a Member of the BDCU shall be jointly and severally liable with the borrower to the BDCU in the amount of the loan and accrued interest.

Guarantors

61. A Member of the BDCU can use their shareholdings (excluding Deferred Shares) to guarantee another Member's loan. Directors, Officers and employees of the BDCU are prohibited from acting as a guarantor for a Member's loan under any circumstances.

Loans to Officers and employees of the BDCU

62. Members of the Board of Directors, Officers, Approved Persons and employees of the BDCU may, as a Member of the BDCU, be granted a loan by the BDCU 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 BDCU. The appointed internal auditor shall be informed of the details of any such loan within 14 days approval.
63. The BDCU must not make a loan to one of its Board members, Officers, Employees or Approved Persons on terms more favourable than those available to other Members of the BDCU.
64. The BDCU must not make a loan to a Relative of, or any person otherwise connected with, a member of the Board of Directors, an Officer, an Approved Person or employee of the BDCU on terms more favourable than those available to other Members of the BDCU.

Insuring Members' loans

65. The Board of Directors may enter into arrangements with a person carrying on the business of loan protection insurance for the purpose of providing insurance coverage on the liability of any Member of the BDCU.

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Recovering loans from Members

- 66.** The Board of Directors is responsible for ensuring that suitable policies and procedures are established to ensure the repayment of all debts due to the BDCU. All sums due from any Member shall be recoverable from him or her, their executors or administrators, as a debt due to the BDCU.
- 67.** The BDCU shall have a lien on any Shares of a Member for any debt due to it by a Member or for any debt which the Member has guaranteed. As such, the BDCU may offset any sum standing to the Member's credit, including any Shares, interest rebate and dividends, in or towards, payment of such debt.

APPLICATION OF SURPLUS

Calculation of profit

- 68.** The calculation for ascertaining the profit, or loss, of the BDCU in any year of operating shall take into account all operating expenses (including payment of interest) during that accounting year. In addition, provision shall be made for:
- a) the depreciation of assets;
 - b) tax liabilities; and
 - c) bad and doubtful debts.

Building institutional capital

- 69.** The BDCU shall establish and maintain reserves out of its annual surplus and ensure compliance with the prudential rules on capital adequacy, as laid down by the Relevant Authority.

Distribution of surplus

- 70.** Following compliance with the capital adequacy requirements established by the Relevant Authority, the BDCU may allocate any remaining surplus in the following manner:
- a) A voluntary transfer to develop further the institutional capital base of the BDCU;
 - b) Subject to Rule 75, in the payment to Members of dividends on the amount of their paid up Dividend Bearing Shares;
 - c) Subject to Rule 75, as a rebate of interest paid by or due from Members who have received loans from the BDCU, such rebate being proportional to the interest paid by or due from such Members during that year of account; and
 - d) After clauses (a) to (c) above has been paid out, as a payment for social, cultural or charitable purposes.

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Dividend on Shares

- 71.** Provided a dividend has been recommended by the board, the maximum amount payable as dividend on Dividend Bearing Shares shall not exceed 5 per cent per annum (or such other maximum rate as may be determined by the Board of Directors). The Board of Directors shall recommend the rates of any dividend payments for agreement by the Members at the Annual General Meeting.
- 72.** If a decision has been made to dissolve the BDCU then the dividend payable on Dividend Bearing Shares shall not exceed 8% per annum or any other rate as may be specified by order made by the Treasury.
- 73.** At each Annual General Meeting Members may be formally asked to delegate the necessary powers to the Board of Directors to enable them to declare interim dividends and establish differentiated dividend rates. Such powers will be subject to any rules made by the Relevant Authority. No dividend declared and authorised for payment by the Members at the Annual General Meeting shall exceed the rate recommended by the Board of Directors.
- 74.** Any dividend shall be declared on all full Shares held during the preceding year of account or interim period. New Members joining the BDCU shall be entitled to a proportional part of the dividend on any Shares held for less than the full year of account calculated on a daily basis. Dividends shall be paid to those in membership of the BDCU on the date that the dividend is declared or the next working day if after standard office hours.

Payment of dividends

- 75.** Where a Dividend payment has been agreed by the Board of Directors, those Dividends will be paid to all members holding Dividend Bearing Shares and will be credited to their share balance. Where such a payment would put the Member's shareholding above the maximum allowed in Rule 47, the amount equivalent to the Dividend allotment for that Member will be credited to the Member's bank account, using the details held on file.

MEMBERS' MEETINGS

Attendance at Members' meetings

- 76.** Meetings of the BDCU shall be either an Annual General Meeting or a Special General Meeting. Every Member shall be entitled to attend such General Meetings on the production of such evidence as the Board of Directors may determine from time to time.

Annual General Meeting

- 77.** The Annual General Meeting shall be held within six months of the end of the year of account at such date, time and place as the Board of Directors may determine by resolution.

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- 78.** The business of the Annual General Meeting shall comprise:
- a) The receipt of the accounts and balance sheet and of the reports of the Board of Directors and the auditor (if any);
 - b) The appointment of an auditor (subject to Rule 130);
 - c) Election of the Board of Directors or the results of the election if held previously by ballot;
 - d) The application of surplus; and
 - e) The transaction of any other business included in the notice convening the meeting.

Notification of Members' meetings

- 79.** At least 14 and not more than 30 days before the date of a General Meeting, the Board of Directors shall cause written notice of the date, time and place of the meeting. The Board may also give notice of any meeting by posting notice in a conspicuous place in a place of business of the BDCU to which Members have access, including any electronic correspondence or website operated by the BDCU, at least 14 days prior to the meeting. Notice in Writing shall be sent to the external auditor.
- 80.** A notice sent in Writing to a Member's Address or electronic correspondence shall be deemed to have been duly served forty-eight hours after its posting. When notice of a General Meeting has been given in accordance with these Rules the accidental omission to give notice to any Member or the non-receipt of the notice by any Member shall not invalidate any resolution passed or any business undertaken at the meeting.

Special General Meetings called by the BDCU

- 81.** Any General Meeting of the BDCU other than an Annual General Meeting shall be a Special General Meeting. The Board of Directors or the Internal Auditor of the BDCU may, for good reason, convene a Special General Meeting for any purposes not specifically provided for elsewhere in these Rules.

Special General Meeting at Members' request

- 82.** Upon an application, signed by one tenth of the total number of Members, or 100 Members, whichever is the lesser number, delivered to the registered office of the BDCU, the Board of Directors shall convene a Special General Meeting of Members. The purpose of the Special General Meeting shall be stated in the application and notice of the meeting. No business other than that stated in the notice of the meeting shall be conducted at the meeting.
- 83.** If, within one month from the date of the receipt of the application, the Board of Directors has not convened a Special General Meeting to be held within 6 weeks of the application, any three Members of the BDCU acting on behalf of the signatories to the application may

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convene a Special General Meeting. The BDCU shall reimburse any costs properly and reasonably incurred in convening such a meeting.

- 84.** In order to ensure the continuation of the BDCU, should one or more Board members be removed from their position at a Special General Meeting, any newly elected Officer will be required to apply for, and obtain Approved Person status. This should be done immediately following their election and before carrying out their new function. Should a newly elected Officer be refused Approved Person status by the Relevant Authority, they will be required to resign their position immediately and shall no longer be permitted to take an active role in the management of the BDCU.

Special General Meeting called to Remove an Officer of the BDCU

- 85.** If an Officer of the BDCU has been asked to vacate their office under the provisions set out in Rule 121 and has not tendered their resignation within 7 days of said request, then the Chair of the Board shall convene a Special General Meeting of the BDCU to be held no later than 30 days following the request. If the majority of the Members present at such a meeting so vote by secret ballot they may:
- a) Ratify the request to vacate and remove from office the person so requested and shall agree how the vacancy caused as a result of the removal shall be filled. It shall be ensured that the vacancy is filled following the requirements of these Rules and subject to any regulatory requirements relating to Approved Person status. Any vacancy shall be filled at the meeting;
 - b) Rescind the request to vacate office;
 - c) Remove from office any other Officer of the BDCU (whether or not they have been previously requested to vacate their office) and shall agree how the vacancy caused as a result of the removal shall be filled and subject to any regulatory requirements relating to Approved Person status shall fill the vacancy at the meeting.

No person shall be removed from office under this rule without being given the opportunity to be represented, or to be heard, at a Special General Meeting of the BDCU. In such a case, they must be given at least 14 days' notice of the date of the Special General Meeting.

Business at a Special General Meeting

- 86.** A Special General Meeting shall not conduct any business other than that specified in the notice convening it. An Annual General Meeting may be made a Special General Meeting for any purpose of which due notice has been given, provided that such business is not brought on until the business of the Annual General Meeting is concluded.

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Voting

- 87.** Each Member of the BDCU shall hold one vote only irrespective of the size of their Shareholding in the BDCU or the number of accounts held. The right to vote by a Member shall be held by:
- a) In the case of an individual Member; the individual.
 - b) In the case of a partnership or an unincorporated association; the Designated Representative or partner.
 - c) In the case of an incorporated body; the Corporate Representative.
- 88.** A Member of the BDCU may not vote by proxy at a General Meeting of the BDCU. 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, or any specified sub-committees of the BDCU.
- 89.** Elections for the Board of Directors and any specified sub-committees of the BDCU shall be conducted by secret ballot unless undertaken prior to the Annual General Meeting by postal vote. Except where otherwise specified in these Rules or law, all questions shall be resolved by a simple majority of votes cast.
- 90.** A Member is able to exercise the right to speak and vote at a General Meeting of the BDCU and is deemed to be in attendance when they, and all those attending the meeting, are in a position to communicate with each other. The Directors may make whatever arrangements they consider appropriate to enable those attending a General Meeting of the BDCU to exercise their rights to speak or vote at it, including by electronic means. In determining attendance at a meeting of the BDCU, it is immaterial whether any two or more Members attending are in the same place as each other.

Chairperson

- 91.** Every General Meeting shall have a chairperson, who shall not be entitled to vote unless the number of votes cast are equal, at which point they shall have a casting vote. The chairperson of the Board of Directors of the BDCU shall, if present, take the chair at General Meetings. If the chair is not present, the vice-chair shall take the chair and if they are not present then the voting members of the Board present shall elect one from their number to do so.

Quorum

- 92.** No business shall be transacted at a General Meeting unless a quorum is present. A quorum shall be 10 per cent of the membership, or 15 Members, whichever is the lesser number. If

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within half an hour from the time appointed for the meeting to commence a quorum is not present then the meeting, if convened upon the requisition of Members, shall be dissolved. In any other case the meeting shall be adjourned until a later date within 30 days of the meeting at which the adjournment took place. Members present at a meeting so adjourned shall constitute a quorum.

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

Adjournment

- 94.** The chairperson may adjourn any Members' meeting for any good and sufficient reason.
- 95.** The provisions relating to the conduct of General Meetings of the BDCU shall apply to adjourned meetings. No business shall be transacted at such a meeting other than the business left unfinished at the meeting at which the adjournment took place.

NOMINATING AND ELECTING OFFICERS

Nomination for election

- 96.** Subject to Rules 107 and 108 of these rules, the Board of Directors will accept nominations for election of Officers of the BDCU. All nominees for election as an Officer of the BDCU must be Members of the BDCU and must be at least 18 years of age and:
- a) In the case of an individual Member; be the individual.
 - b) In the case of a partnership or an unincorporated association; be the Designated Representative or partner.
 - c) In the case of an incorporated body; be the Corporate Representative.
- 97.** Nominations for the Board of Directors, or any specified sub-committees, shall be in writing and shall be signed by a proposer and a seconder who must also be Members of the BDCU. The nominee must also sign to indicate their consent, and their willingness to submit to any requirements of the Relevant Authority. Nominations shall be sent to ensure they reach the registered office of the BDCU at least 14 days before the date of the Annual General Meeting where the election shall take place.
- 98.** If, after all the nominations have been received, 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 provides their consent, shall be in order.

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Nominating committee

99. If deemed appropriate, the Board of Directors may appoint a nominating committee of not less than 3 Members of the BDCU. The nominating committee shall ascertain the number of vacant Officer posts requiring candidates and ensure that there is at least one suitable candidate to recommend to the Annual General Meeting for each vacancy. In making their recommendation, the nominating committee shall make sure that the nominee is 'fit and proper' to become an Approved Person. The nominating committee shall comply with any policy established by the Board of Directors in relation to the suitability of candidates. The nominating committee shall also be responsible for identifying and recommending potential co-options to the Board of Directors to fill any vacancies. The Board may delegate powers to the nominating committee to manage applications for Approved Person status.

Election of Officers

100. All elections shall be conducted following such procedure as may be established by the Board of Directors from time to time.

101. If for any election the number of nominees does not exceed the number of vacancies to be filled, a proposal to dispense with the election procedure and to declare that all nominees are duly elected may be proposed to the Annual General Meeting. If such a proposal is carried by a majority vote of the Members present at the meeting, the chairperson shall declare that the nominees for that election are duly elected.

Prohibition of certain persons as Officers

102. A person who knows of any substantive reason why they may not be regarded as 'fit and proper' to be authorised as an Approved Person by the Relevant Authority, or who is an undischarged bankrupt, or who is disqualified under the Company Directors Disqualification Act 1986, or has been convicted on indictment of any offence involving fraud or dishonesty, shall not:

- a) Act as an Officer of the BDCU; or
- b) Directly or indirectly take part in or be concerned in the management of the BDCU; or
- c) Permit their name to be put forward for election or appointment to any office of BDCU.

When a person holding any office in the BDCU becomes ineligible by virtue of this rule to hold that office, they shall immediately cease to hold office.

Terms of office

103. All Directors will initially be elected for a term of three years from the date of the Annual General Meeting at which their position was ratified. A retiring Director shall be eligible for re-election, but no Director shall serve for more than two consecutive terms of three years,

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except that, in exceptional circumstances, a Director's second term of office may, on the recommendation of the Board of Directors, be extended for one period of one year by ordinary resolution of the Annual General Meeting. After completion of the second term, a Director shall not be eligible for re-election until after the expiry of three years from the termination of his second term of office. For the purposes of this rule, if a Director resigns during a term of office, it shall be treated as a full term of office. The restriction on the number of consecutive terms of office that may be served and on re-election shall apply to the Chairperson and Vice-chairperson.

In respect of the Directors in office at the time of the Annual General Meeting at which these Rules are adopted, and who have been in office for a continuous period of 6 years or more, they will not be required to vacate their office until the date of the following Annual General Meeting.

Board of Directors

- 104.** At no time shall an employee of the BDCU be a voting member of the Board of Directors.
- 105.** The BDCU shall have a minimum of 5 Directors and a maximum as determined by the Members at the Annual General Meeting from time to time. Directors shall be elected at the Annual General Meeting in accordance with these Rules.
- 106.** Designated or Corporate Representatives of Corporate Members may be elected as a Director. At no time will the percentage of Corporate Members elected to the Board of Directors exceed 45% of the total number of Directors declared by the members according to Rule 105 of these rules.
- 107.** The Board of Directors has the power, in advance of an election, to propose a recommendation on election of representatives at the Annual General Meeting to ensure that the Board consists of representatives of all areas, sections and diverse groups covered by the BDCU.

Election of office holders

- 108.** As soon as possible following the Annual General Meeting, the Board of Directors shall elect from among its number a chairperson and a vice-chairperson of the BDCU. A person so elected shall hold office until the election of their successor.

Casual vacancies

- 109.** A casual vacancy on the Board of Directors shall, as soon as is practicable, be filled by a majority vote of the Directors then holding office. Such a co-opted Director shall hold office for

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the remainder of the unexpired term of that office. The BDCU shall adhere to the requirements established by the Relevant Authority in respect of obtaining Approved Person status for a co-opted Director prior to them taking up an active role in the management of the BDCU.

Timing and notification of Board meetings

- 110.** Regular meetings of the Board of Directors shall be held at least monthly, or in accordance with other guidance given by the Relevant Authority. The date, time and place of such meetings shall be decided from time to time by the Board. All meetings shall be called in such a manner as the Board shall determine.
- 111.** The chairperson, or in their 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 their absence the vice-chairperson, shall determine the date, time and place of such a meeting, unless the Board of Directors prescribes otherwise by resolution.

Quorum

- 112.** No business shall be transacted at a meeting of the Board of Directors unless a quorum is present. A majority of the number of the Directors in office at any time shall constitute a quorum. If from the time appointed for the meeting to commence a quorum is not present, then the meeting may be adjourned to any date not less than two nor more than 30 days from the day of the meeting at which the adjournment took place. The quorum for such an adjourned meeting shall be three Directors or such greater number as the Board may determine by resolution.

Voting at Board meetings

- 113.** Any questions arising at any meeting of the Board of Directors shall be decided by a majority of votes. Each Director shall have only one vote on any matter provided that the chairperson of the meeting shall have a casting vote in the event of an equality of votes.

Attendance at Board meetings

- 114.** A Director is able to exercise the right to speak at a meeting of the Board of Directors and is deemed to be in attendance when that person and all those attending the meeting are in a position to communicate with each other. The Directors may make whatever arrangements they consider appropriate to enable those attending a meeting of the Board of Directors to exercise their rights to speak or vote at it including by electronic means. In determining attendance at a meeting of the Board of Directors, it is immaterial whether any two or more Directors attending are in the same place as each other.

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Chairing Board meetings

- 115.** Subject to any specific provision contained in these Rules, the chairperson or, in their absence the vice-chairperson, shall preside at meetings of the Board of Directors. They shall perform such other additional duties as directed by the Board of Directors which are not inconsistent with the provisions of the law or of these Rules.
- 116.** If neither the chairperson nor the vice-chairperson is present or willing to act within 15 minutes after the time appointed for the beginning of a Board meeting, the other voting Directors shall elect one of their number to be chairperson of that meeting.

Failure to attend meetings

- 117.** Any Director who, without special leave of absence, fails to attend 75 percent of the duly convened Board meetings shall, if the Board of Directors so resolve, be deemed to have vacated their office, and the vacancy shall be filled as provided for in Rule 109.

Delegation of Powers

- 118.** The authority of the Board of Directors resides within a meeting of the Board which has been properly called. Outside of a Board meeting, Director(s) shall only have the specific authority to act in a specified area as may, from time to time, be delegated within a meeting of the Board of Directors. In addition, the Board of Directors may delegate any of their powers to committees established as provided for in these Rules. Committees shall consist of such members of the Board as determined from time to time by the Board and other individuals as the Board think appropriate who shall have clear terms of reference and conform in all respects to these terms, including any requirements regarding reporting to the Board of Directors.

Validity of actions

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

Responsibilities of Directors

- 120.** Subject to the law and these Rules, the Board of Directors shall manage the general business and control the affairs of the BDCU and shall be responsible for performing all of the duties ordinarily performed by the Board of Directors. The Board's responsibilities include but are not limited to the following:

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- a) Ensuring that the BDCU complies with all statutory and regulatory requirements attached to all regulatory permissions held by the BDCU;
- b) Ensuring that the BDCU operates within the remit of these Rules;
- c) Establishing appropriate policies and procedures and systems of control to enable the safe and efficient operation of the BDCU;
- d) Maintaining a working business plan sufficient to enable the development of the BDCU;
- e) Maintaining valid insurance against fraud and other dishonest practices as required by the Relevant Authority, and making any other arrangements necessary or desirable for the protection of the BDCU and its Members;
- f) Employing and determining the terms of employment, remuneration and pension arrangements of such person(s) as the Board of Directors considers necessary for the purposes of the BDCU;
- g) Delegating to employees the authority to establish and perform the operational functions of the BDCU;
- h) Managing the loan business of the BDCU including determining interest rates on loans;
- i) Establishing a policy on declaration of dividend and interest payments;
- j) Recommending for approval by the Annual General Meeting dividends, rebates of interest and, subject to regulatory constraints, the ability to declare interim dividends and differentiated dividend accounts;
- k) Establishing the charges payable on any ancillary services, subject to legal and regulatory limits, offered by the BDCU;
- l) Determining the range of financial products that may be offered by the BDCU;
- m) Making decisions in respect of the investment of surplus funds of the BDCU, in accordance with all relevant legislative and regulatory restrictions and requirements, such as PRA Credit Union Rulebook, Section 6;
- n) Filling any casual vacancy in the office of auditor, or in any office in the BDCU, subject to Rule 109;
- o) Paying any expenses necessarily incurred by an Officer, delegate or representative of the BDCU in carrying out the business of the BDCU;
- p) Remunerating necessary clerical and auditing assistance employed or utilised by the appointed internal auditor;
- q) Purchase, hold, lease, sub-lease, rent, sell, mortgage, manage and develop property and land required for the purpose of conducting the business of the BDCU thereon, but for no other purpose, acquire, erect, pull down, repair, alter, remove or re-erect buildings, walls and fences on such land; and otherwise deal with such land and property and any rights and interest on behalf of the BDCU;
- r) Borrow money for the BDCU subject to any regulatory limits;

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- s) Determine the authorised bank(s) for the deposit of funds of the BDCU and the signatories to cheques and other written instruments on behalf of the BDCU;
- t) Make provision of the adoption and custody of the seal of the BDCU, if appropriate;
- u) Remove from office Officers and sub-committee members for failure to perform their duties or breach of these Rules;
- v) During the absence or incapacity of any Officer, co-opt another Member of the BDCU to act temporarily in their place, provided that such appointment shall cease upon the resumption by such Officer of their duties;
- w) Keep proper books of account with respect to the financial transactions of the BDCU, its assets and liabilities;
- x) Submit the accounts of the BDCU for audit as required;
- y) Establish and terminate such sub-committees, as it deems necessary, from time to time to facilitate the operations of the BDCU. Define and amend their terms of reference and appoint and remove members of such committees. Take all reasonable steps to ensure that the sub-committees are working effectively and review the output from each sub-committee;
- z) Delegate such responsibilities as is appropriate to the sub-committees ensuring that the same are included in their terms of reference. This to include the Internal Audit function as detailed in Rules 128-129.
- aa) Make arrangements for Annual General Meetings, Board meetings and other meetings as appropriate from time to time;
- bb) Convene a Special General Meeting whenever thought fit;
- cc) Administer any fund set aside out of the surplus or profit of the BDCU;
- dd) Perform or authorise any action consistent with law, regulation and these Rules not specifically reserved to the Members by law, regulation or these Rules;
- ee) Take all such actions as may be required to ensure that the BDCU complies with legislation, regulation and policies relating to the prevention of money laundering;
- ff) Take appropriate steps to assure the security and integrity of any information technology systems used by the BDCU, including ensuring that the BDCU complies with data protection law and policies;
- gg) Perform such other actions consistent with the law, regulation and these Rules, as required from time to time by a resolution of the Members in a General Meeting.

Vacation of office

121. Elected and co-opted Officers serving the BDCU shall immediately cease to hold office or committee position if:

- a) They cease to be a Member of the BDCU;

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- b) They are performing a controlled function and their Approved Function status is withdrawn by the Relevant Authority;
- c) They are adjudged bankrupt or make an arrangement with their creditors;
- d) They are prohibited from acting as an Officer of the BDCU as per Rule 102;
- e) A registered medical practitioner who is treating that person gives a written opinion to the BDCU stating that the person has become physically or mentally incapable of acting in their position and may remain so for more than three months;
- f) By reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have;
- g) They resign their office in writing to the chairperson or to vice-chairperson of the Board of Directors;
- h) They are deemed to have vacated their office in accordance with Rule 117;
- i) They are removed by a resolution of a majority of the Members of the BDCU present at a Special General Meeting called for that purpose by the Board of Directors 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 them from office;
- j) For as long as it remains a condition of ABCUL Membership, they become an employee of the BDCU;
- k) They, or their spouse or partner, are engaged in a managerial capacity in the carrying on of any business, trade or undertaking which in the opinion of the Board competes in any way with any business, trade or undertaking carried on by the BDCU;
- l) They, or their spouse or partner, are concerned in or participate in the profits of any contract made with the BDCU except as a non-managerial member or employee of any society or company which contracts with or does work for the BDCU.

Payment of expenses and honoraria

122. No member of the Board of Directors, nor any member of a committee of the BDCU, shall be paid for their services other than such reasonable out of pocket expenses as may be approved by a majority vote of the Board of Directors.

INTERNAL AUDIT

Roles and responsibilities

123. The purposes of an Internal Audit function are set out in FCA CREDs 2.2.43G as being:

- a) To ensure that the policies and procedures of the BDCU are followed;
- b) To provide the Board of Directors with a continuous appraisal of the overall effectiveness of the control system, including proposed changes;

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- c) To recommend improvements where desirable or necessary;
- d) To determine whether the internal controls established by the Board of Directors are being maintained properly and operated as laid down in the policy, and comply with relevant Acts, secondary legislation, rules, policies and procedures;
- e) To ensure that accounting records are prepared promptly and accurately, and that they are in order;
- f) To assess whether financial and operating information supplied to the Board of Directors is accurate, pertinent, timely and complete.

124. The key elements of an internal audit will include the following:

- a) Precise terms of reference which include the scope and objectives of the internal audit function, access to records, powers to obtain information and explanations for Officers and reporting requirements. These must be approved by the Board of Directors.
- b) A risk analysis in which the key risks in each area of the business of the BDCU are identified. This should include an assessment of the adequacy of the specific controls put in place to address those risks.
- c) An internal audit plan, developed on the basis of the risk analysis. Areas of higher risk should be audited more frequently than lower risk areas, however all areas should be audited at least annually.
- d) Detailed programmes, based on the internal audit plan together with the controls and their objectives specified in the control documentation. Each programme should be comprehensive, specifying the frequency with which the various parts of the programme are to be carried out and how the work is to be performed.
- e) Formal reports to be submitted at the completion of each aspect of programmed work, stating the areas covered together with any recommendations and conclusions reached.

OFFICERS AND EMPLOYEES

Conflict of interest

125. No Officer or employee of the BDCU shall in their conduct of the BDCU's business in any manner, directly or indirectly participate in the deliberation of or the determination of any question affecting their pecuniary interest or the pecuniary interest of any person or body (other than the BDCU) in which they are directly interested. Such person(s) shall withdraw from the meeting for the matter to be discussed or determined. Should their withdrawal result in a quorum not being present, those remaining will constitute a quorum for the purpose of that discussion. The Board, by a majority decision of its number, shall maintain the right to

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require such an individual to withdraw from the Board during the period the conflict of interest exists. The Board may co-opt another member to fill such vacancy.

- 126.** Any Officer who declares an interest in becoming an employee of the BDCU, or where a member of their immediate family applies for a position as an employee of the BDCU, shall not take part in any discussion, selection or decision relating to that particular position in the BDCU.

Confidentiality

- 127.** In line with the Statements of Principal and Code of Practice for Approved Persons (APER), an Officer or employee of the BDCU shall not disclose to any person any information regarding any transaction of a Member of the BDCU unless necessary for the proper conduct of the business of the BDCU. To this end, on appointment, all Officers and employees of the BDCU shall sign a confidentiality agreement.
- 128.** The BDCU shall comply with all relevant data protection legislation and regulation including the Data Protection Act 2018 and the General Data Protection Regulations.

Indemnity

- 129.** Any Officer of the BDCU shall be indemnified by the BDCU 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 discharging their duties as authorised by the Board of Directors. The Board is empowered to pay the amount of such indemnity out of the funds of the BDCU.

ACCOUNTS, AUDIT, ANNUAL RETURNS AND RULES

Appointment of auditor

- 130.** A qualified auditor shall be appointed in each year of account to audit the BDCU's accounts and balance sheet. In this rule 'qualified auditor' means a person who is a qualified auditor under section 91 of the Co-operative and Community Benefit Societies Act 2014. The appointment of an auditor shall be ratified by a majority vote of the Members at an Annual General Meeting.
- 131.** None of the following persons shall be appointed as an auditor of the BDCU:
- a) An Officer or employee of the BDCU;
 - b) A person who is the partner of, or in the employment of, or who employs, an Officer or employee of the BDCU.

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Filing of accounts with the Relevant Authority

132. The BDCU shall, within the time period allowed by the Relevant Authority and in line with the requirements of Section 89 of the Co-operative and Community Benefit Societies Act 2014, send to the FCA (or other Relevant Authority):

- a) A return relating to its affairs for that year (the 'Annual Return');
- b) A copy of each balance sheet made during that year; and
- c) A copy of any relevant auditor's report for that year.

Availability of accounts

133. The BDCU shall keep a copy of the latest Annual Return, together with the auditor's report on the accounts and balance sheet contained in the Return and shall supply free of charge, to every Member or person interested in the funds of the BDCU who applies for it.

Auditor's entitlement to attend meetings

134. The auditor shall be entitled to attend any General Meetings of the BDCU, to receive all notices of the communications relating to any General Meeting which any Member of the BDCU is entitled to receive, and to be heard at any meeting which they attend on any part of the business of the meeting which concerns them as auditor.

MAINTENANCE OF MEMBERS' ACCOUNTS

Inspection of accounts

135. Any Member or person having an interest in the funds of the BDCU may inspect their own account and the books containing the names of Members, including the particulars required to be kept in the register of Members, at all reasonable hours at the registered office or at any place where the same are kept, subject to such Regulations as to the time and manner of such inspection with regard to Rule 19.

136. All books of account and other records of the BDCU shall at all reasonable times be available for inspection by the auditor, the Board of Directors, the Internal Audit function or other persons duly authorised.

Record of account

137. A statement of account shall be issued to each Member in Writing at least annually, or upon their request.

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Conducting transactions

- 138.** Any person may pay money into a Member's account on account of Shares or a reduction of loan capital or interest outstanding. Only the Member themselves may enter into a loan agreement or make a withdrawal from their share account.
- 139.** In addition to formal notices of power of attorney, the BDCU shall have the discretion to accept an authenticated request in writing from an incapacitated Member permitting a named person to conduct transactions on the Member's behalf. The BDCU shall take all reasonable steps to assure itself of the validity of each request made in writing, giving all due regard to Consumer Duty regulations and the protection of vulnerable customers. If such a requested is granted, the BDCU shall be indemnified by the Member in the event of a subsequent dispute.

Nominations

- 140.** A Member may in accordance with the law nominate any person(s) to whom any of their property in the BDCU at the time of their death shall be transferred (subject to the provisions of the law as to amount and the persons to whom a valid nomination may be made).
- 141.** On receiving satisfactory proof of death of a Member who has made a nomination the Board 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.

Claims on accounts of deceased, bankrupt or insolvent Member

- 142.** Upon a claim being made by the personal representative of a deceased Member, or the trustee in bankruptcy of a bankrupt Member or the liquidator or administrator in the winding up of a Corporate Member to any property in the BDCU belonging to the deceased, bankrupt or Corporate Member the Directors shall pay such property to which the personal representative, trustee liquidator or administrator has become entitled.

Incapacity

- 143.** Where such a claim is made by a Member, or individual acting on behalf of the Member, and the Directors of the BDCU are satisfied, after considering appropriate medical evidence that:
- a) The Member is mentally incapable of managing their own affairs; and
 - b) Are satisfied that no person has been duly appointed to administer the Member's property on their behalf.

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If it is deemed just and expedient to do so by the Board of Directors, the BDCU may pay the amount of any shares, loans and deposits belonging to the Member to a person who they judge proper to receive it on behalf of the Member.

144. Rule 145 shall not apply where:

- a) The Member lacks capacity (within the meaning of the Mental Capacity Act 2005);
- b) There is an enduring or lasting power of attorney or a deputy appointed for the Member by the Court of Protection; and
- c) The attorney or deputy has power in relation to the Member for the purposes of the Member's Financial Affairs.

SEAL

145. If the BDCU has a seal, it shall only be used by the authority of the Board of Directors acting on behalf of the BDCU. Every instrument to which the seal shall be attached shall be signed by a Director and countersigned by a second Director.

AMENDMENTS TO RULES

Amendments to Rules

146. The Rules of the BDCU may not be amended except by a resolution, passed by no less than two thirds of the Members present and eligible to vote at a General Meeting of the BDCU. Notice of the proposed alteration must be given in writing alongside the notice of the meeting.

147. Any Member of the BDCU may, before the first day of October in any year, propose an amendment to the Rules by serving notice of the proposed amendment to the Board of Directors who must incorporate the proposed amendment in the agenda of the next General Meeting of the BDCU.

148. No amendment of Rules shall be valid until registered with the Relevant Authority. When submitting rule amendments for registration the Chair of the Board of Directors may, at their sole discretion, accept any alterations required or suggested by the Relevant Authority without reference back to a further Special General Meeting of the BDCU.

COMPLAINTS AND DISPUTES

Internal complaints procedure

149. A formal written complaints procedure shall be maintained by the BDCU and made available to all Members and junior savers. The BDCU shall aim to resolve a complaint and send a final

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response within eight weeks of the receipt of a complaint (or such other time period as may be prescribed by the Relevant Authority).

- 150.** If a complainant remains dissatisfied at the completion of the BDCU's internal complaints procedure, and from the date of receipt of the BDCU's final response, the complainant shall have six months (or such other time period as may be prescribed by the Relevant Authority) within which to refer their complaint to the Financial Ombudsman Service.
- 151.** Complainants who remain dissatisfied following a formal decision by the Ombudsman may jointly agree with the BDCU to refer their complaint or dispute to the County Court or, in Scotland, the Sheriffs Court, who shall in accordance with Section 137 of the Co-operative and Community Benefit Societies Act 2014, hear and determine such dispute. The County Court or Sheriffs Court shall have the power to order the expenses of determining the dispute to be paid either out of the funds of the BDCU or by such party to the dispute as it shall think fit. Such determination and order shall be binding and conclusive on all parties without appeal and shall not be removable into any court of law or restrainable by injunction.

DISSOLUTION

- 152.** The BDCU may be dissolved:
- a) On its being wound up in pursuance of an order or resolution made as is directed in regard to companies by the Insolvency Act 1986.
 - b) In accordance with sections 119 through 122 of the Co-operative and Community Benefit Societies Act 2014; by an instrument of dissolution, passed by special resolution which meets the following criteria:
 - i) The resolution is passed at a General Meeting by at least two-thirds of the eligible members who vote;
 - ii) A notice of this meeting (the first meeting), specifying the intention to propose the resolution, is duly given in accordance with these Rules;
 - iii) The resolution is confirmed at a subsequent General Meeting by over half of the eligible members who vote;
 - iv) A notice of this meeting (the second meeting) is duly given; and
 - v) The second meeting is held at least 14 days, but no more than one month, from the day of the first meeting.
 - c) The duly passed Special Resolution and the instrument of dissolution must be sent to the Relevant Authority within 14 days of the second meeting.
 - d) The Relevant Authority will register the special resolution and instrument of dissolution and confirm the same.

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Distribution of funds on Dissolution

153. If on the dissolution of the BDCU there remains after the payment of debts, repayment of Non-Deferred Share capital, discharge of all other liabilities and repayment of Deferred Shares any surplus assets whatsoever, such assets shall not be paid or distributed among the Members of the BDCU but shall be:

- a) Transferred to another credit union; or
- b) If not so transferred, applied for charitable purposes as may be determined by the Members of the BDCU in General Meeting.

MEMBERSHIP OF ABCUL

154. The BDCU is currently a member of ABCUL. Whilst this remains the case the BDCU will, (except where these rules may contradict statutory legislation or regulation as covered by these Rules), abide by the rules and by-laws of ABCUL as laid down from time to time for its Members.

155. ABCUL shall have the right to be represented, to speak and to be heard at any General Meeting of the BDCU and is restricted to the period of membership as per clause 154.

INTERPRETATIONS

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

Term	Meaning
CUA 1979	The Credit Unions Act 1979 and any successor Act and/or Order
Address	Postal address or other address for means of communication including: <ul style="list-style-type: none">• Registered office of Corporate Members;• Address agreed by resolution of the partnership or governing body of unincorporated partnerships or associations• Email address• Telephone number for the sending and receipt of text messages
Amendment	In relation to the Rules of the BDCU, includes the addition of new rules and the deletion of, rephrasing or other change to existing rules.

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Term	Meaning
Approved Person	An individual authorised by the Relevant Authority to perform a controlled function within the BDCU.
ABCUL	The Association of British Credit Unions Limited, or its successor body
BDCU	The Bradford District Credit Union, a credit union registered under the Co-operative and Community Benefit Societies Act 2014.
Board / Board of Directors	The governing body of the BDCU
Co-operative and Community Benefit Societies Act 2014	The Act signed into law on 14 May 2014, replacing the repealed Industrial and Provident Societies Act 1965 and consolidating other enactments affecting credit unions and other community benefit and co-operative societies.
Corporate Body	A body corporate, as defined in the CUA 1979 Section 5A
Corporate Representative	An individual authorised by resolution of the governing body of an incorporated body to represent it.
Data Protection Act 2018	This Act and the statutory regulations which are derived from it and enforced by the Information Commissioner's Office
Deferred Shares	Shares in the BDCU as defined by the CUA 1979 Section 31A
Deposits	Money accepted by the BDCU as defined by the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 – SI2001/544 (or any successor Act and/or Order)
Designated Representative	An individual authorised by resolution of the partners of a partnership, or governing body of an unincorporated association to represent it.
Director	A member of the Board of Directors of the BDCU
Dividend Bearing Non-Deferred Shares	A share issued on terms which entitle the shareholder to a dividend based on the financial growth of the BDCU, but not to interest on the monies they have deposited.
FCA	The Financial Conduct Authority
Financial Services Compensation Scheme	A scheme established under Section 213 of the Financial Services and Markets Act 2000
FSMA	The Financial Services and Markets Act 2000 or any successor legislation

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Term	Meaning
Interest Bearing Non-Deferred Shares	A share issued on terms which entitle the shareholder to interest on the monies they have deposited but no dividend based on the financial growth of the BDCU.
Issue Document	The document procedure in accordance with any issue of Deferred Shares of the BDCU.
Member	As referred to under these Rules and includes individuals, corporate bodies and Designated Representatives of unincorporated associations or partnerships.
MLR 2017	The Money Laundering Regulations, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and any other applicable or successor Regulations
Non-Deferred Shares	As referred to in Rules 40 to 41
Non-Qualifying Member	As defined in Rule 11 of this Rulebook
Officer	Includes any Chairperson, Vice-chairperson, elected Director, member of any Committee or servant of the BDCU, other than an employee appointed by the Board of Directors. It does not include any auditor appointed by the BDCU in accordance with the provisions of these Rules.
Ombudsman	The Financial Ombudsman Service
PRA	The Prudential Regulation Authority
Relevant Authority	The Financial Conduct Authority and/or the Prudential Regulation Authority or any successor bodies
Regulations	Any statutory regulations laid down by the FCA or PRA or any other statutory regulatory body whose powers are enshrined in an Act of Parliament
Relative	As defined in Section 31 of the CUA 1979
Rules	The Rules set out in this Rulebook of the BDCU
Share / Shares	Includes both Non-Deferred Shares and Deferred Shares
In writing	Means a representation or reproduction of words, numbers, symbols or other information in a visible format sent by any method or combination of methods, whether in paper based or electronic format including, but not limited to email, letter, social media messaging or website contact forms.

Words implying the singular or plural include the plural or singular respectively.

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CONFIRMATION

We, the undersigned, being duly elected Officers of the BDCU, hereby confirm that this Rulebook has been submitted for scrutiny at an Annual General Meeting of the BDCU and has been duly Adopted, as per the terms set out in these Rules.

Signature:		Date:	
Name:		Position:	Chairperson

Signature:		Date:	
Name:		Position:	Director

Signature:		Date:	
Name:		Position:	Director

Signature:		Date:	
Name:		Position:	Director