

**RULES OF THE COK SODALITY CO-OPERATIVE
CREDIT UNION LIMITED**

A Credit Union (hereinafter referred to as “The Credit Union”) registered under the Co-operative Societies Act of Jamaica.

INTERPRETATION

“Board of Directors” shall mean the governing body of the Society to whom the management of its affairs is entrusted and which shall be constituted in accordance with the provisions of Rule 33 hereof.

“The Society” or “The Credit Union” means COK Sodality Co-operative Credit Union Ltd.

“Company” shall mean a Company formed and registered under the Companies Act.

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

“Voluntary Shares” shall mean shares that are issued at no par value and are not a part of risk capital and are administered in accordance with Rule 15.

“Deferred Shares” shall mean shares issued at no par value that shall be held by a member for a period of not less than five (5) years and are issued with such rights and restrictions as outlined in Rule 14. “Institutional Capital Reserves” shall mean Statutory and Legal Reserves pursuant to Article XIV, General Reserves and Permanent Share Capital Reserves.

Where the context of these rules permits, the masculine gender shall include the feminine and the singular include the plural and vice versa.

ARTICLE 1 NAMES AND OBJECTS

1. The name of the Society shall be **COK Sodality Co-operative Credit Union Limited.**
2. The Registered Office of the Society shall be 66 Slipe Road, Kingston 5, or such other place in Jamaica as may from time to time be determined by the Board of Directors and notified to the Registrar.

3. The objects for which the Society is established are:
 - a. to promote thrift and savings among its members and to create thereby a source of credit for its members at competitive rates of interest for provident and productive purposes;
 - b. to receive the savings of its members, either as payments to shares, or deposits;
 - c. to make loans to members exclusively for provident and productive purposes in the way and manner hereinafter provided;
 - d. to invest in any registered Society, Company or undertaking and to any extent which shall not exceed twenty-five per cent (25%) of its share capital invested in the paid up shares of any such entity;
 - e. to invest in any security in which trustees are for the time being by Law authorised to invest;
 - f. to borrow money as provided by the Rules of the Society subject to the provisions of the Act and Regulations;
 - g. to draw, make, accept, endorse, discount, execute and issue Promissory Notes, Bills of Lading, Bills of Exchange, Bills of Sale, Warrants and all negotiable or transferable instruments;

- h. to enter into any other legitimate business arrangement which the Board of Directors consider to be in the best interest of the Society;
- i. to do all other acts and things as are incidental or conducive to or consequential upon the attainment of the above objects.

ARTICLE II
MEMBERSHIP AND SPHERE OF OPERATIONS

- 1 Membership in the Society shall be limited to:
 - a. *Persons of the Catholic Faith;*
 - b. *Persons working or living in Kingston & St Andrew;*
 - c. *Employees of the Society;*
 - d. *Relatives of members who qualify under (a) and (c) above, provided that relatives include Mother, Father, Brother, Sister, Son, Daughter, Aunt, Uncle, Husband, Wife, Niece, Nephew and Grandparents; and*
 - e. *Other Co-operatives.*

- 5. a. Each application for membership shall be in writing and shall bear the approval of a member of the Board of Directors or an authorized membership Officer duly appointed by the Board of Directors.

- b. Such application shall be presented to the Board of Directors for action at the next regular meeting of the Board. Application for membership shall be approved by a majority vote of the Directors present at the meeting.
 - c. No member of the Board of Directors nor an authorized membership Officer shall approve for membership any person who is known to be of ill repute, dishonest, lacking industrious and good habits.
- 6. Every applicant for membership shall pay a non-refundable entrance fee to be determined by the Directors from time to time and subscribe to a minimum of Two Thousand Dollars (\$2,000) in Permanent shares.
- 7. No person who is engaged in any trade or profession opposed to the interests of the Society shall be eligible to become or continue as a member.
- 8. No member may resign while a borrower, an endorser, or a guarantor on any loan due the Society. A member who withdraws all his share holdings thereby ceases to be a member.
- 9. (i) If a member acts in contravention of these Rules, or acts in any way detrimental to the interests of the Society,

such a member may be expelled by a vote of two-thirds of the members present at a General Meeting upon a charge communicated to him in writing by the Board of Directors not less than seven (7) days before the Meeting where it is proved that he:

- a. Acts in contravention of these Rules;
- b. Acts in any way detrimental to the interests of the Society;
- c. makes any material or fraudulent misrepresentation or falsification that adversely affects the Society;
- d. Acts in a manner that is menacing, violent, intimidating or otherwise detrimental to the Society or its staff;

(ii) On expulsion a member shall be entitled to repayment of the amount held by him as shown by the Society's books, subject to the provisions of Article IV, Rule 15.

10. Withdrawn or expelled members shall have no further rights in the Society but are not by such withdrawal or expulsion released from any liability of the Society existing at the date of such withdrawal or expulsion. Such liability shall continue for a period of two (2) years reckoned from the date of withdrawal or expulsion.

11. A person ceases to be a member:

- a. on death;
 - b. subject to Rule 14 (a) (xii), on ceasing to hold at least two thousand dollars (\$2,000) in Permanent Shares
 - c. on being found to be of unsound mind;
 - d. on expulsion from the Society;
 - e. on voluntarily withdrawing.
12. (i) The Society shall keep a Register to be called the Register of Members wherein shall be entered:
- a. the name, address, date of birth, occupation of each member, a statement of the shares held by him and any other particulars required by the Society;
 - b. The date on which each member's name was entered in the Register;
 - c. the date on which any member ceased to be a member;
 - d. any other information required by the Regulatory bodies from time to time.
- (ii) The 'Register of Members' shall only comprise members who have satisfied the minimum permanent shares requirement of applicants for membership pursuant to Rule 6.

ARTICLE III

CAPITAL AND LIABILITY

13. (i) The capital of the Society shall be unlimited, and shall comprise the following:-
 - a. Permanent Shares.
 - b. Deferred Shares.
 - c. Institutional Capital Reserves.
 - d. Eligible reserves as determined by the Supervisor of Credit Unions or any relevant authority as determined by Law; less any amount by which that total has been impaired by operating and other losses.

- (ii) The Shares of the Credit Union may be divided into three (3) classes of shares designated as Permanent Shares, Deferred Shares and Voluntary Shares.

14. The liability of each member in case of liquidation is limited to the nominal value of the Permanent Shares held by the member.
 - a. The following rights and restrictions are attached to Permanent Shares:
 - (i) Voting Rights.
 - (ii) Permanent Shares are the equity shares and form part of the Capital of the Society.
 - (iii) To hold any other class of shares, one must meet the minimum Permanent Share requirement.

- (iv) Permanent Shares in the Society may be transferred to any member or anyone eligible for membership with the consent of the Board of Directors and upon payment of a fee to be determined by the Directors from time to time for each transfer; provided that no transfer of Permanent Shares shall be effected if the member requesting such transfer is liable to the Credit Union as a borrower or co-maker. Such transfer shall carry dividend credit with it. All applications for transfer of Permanent Shares shall be made in the form prescribed by the Registrar of Co-operative Societies.
- (v) Subject to the amount recorded in the Share Transfer Fund, the Board of Directors may accept Permanent Shares from a member for transfer to the Society. For this purpose, the Board of Directors shall create a Share Transfer Fund and maintain a file of applications for such transfers, and such applications shall be dealt with in order of receipt provided that the Board of Directors shall have discretion to give priority to an application from a member where hardship or distress is shown to the satisfaction of the Board of Directors.
- (vi) Permanent Shares may be redeemable subject to the sale, transfer, or repurchase of such shares.

Request for transfer may be made on any day the Society is open for business, but the Board of Directors shall reserve the right at any time to require a member to give notice not exceeding six (6) months; provided that no transfer can be effected if the member requesting such transfer is liable to the Credit Union as a borrower or co-maker. The Board may make Special By-Laws relating to the redemption of Permanent and Deferred shares.

- (vii) Permanent Shares are not guaranteed by funds administered by the Stabilization Fund operated by the Jamaica Co-operative Credit Union League Ltd.
- (viii) Permanent Shares shall attract interest and receive dividend subject to the profitability of the Society.
- (ix) Permanent Shares shall be used to offset indebtedness only in cases of cessation of membership or liquidation of the Society.
- (x) No member should hold in excess of 20% of the share capital of the Society.
- (xi) On winding up of the Credit Union, any realized surplus would be distributed as per the Co-operative Societies Act and Rules of the Credit Union.

- (xii) Where a member has less than the Permanent Share requirement and has not transacted any business with the Credit Union for a period of not less than two years, the Board of Directors may transfer the balance to a Special Account. When this is done, the member has no rights and privileges as a Shareholder. Notice of such action shall be by publication in at least two daily newspapers by the Board of Directors.
- b. The following rights and restrictions are attached to Deferred Shares:
- (i) Deferred Shares form part of the Capital of the Society.
 - (ii) No extra voting rights are attached to Deferred Shares.
 - (iii) Deferred Shares are not guaranteed by the funds administered by the Stabilization Fund operated by the Jamaica Co-operative Credit Union League Ltd.
 - (iv) A penalty shall be levied for the redemption of any amount of Deferred Shares prior to the expiration of five (5) years at a rate and scale to be determined by the Board of Directors.
 - (v) Interest shall be paid on Deferred Shares at a rate and on conditions that shall be fixed from time to time by the Board of Directors.

ARTICLE IV
VOLUNTARY SHARES

15. a. Voluntary Shares have no par value and are not a part of risk capital.
- b. The following rights and restrictions are attached to Voluntary Shares:
- (i) Money paid into Voluntary Shares may be withdrawn in whole or in part on any day when the Society is open for business, but the Board of Directors shall reserve the right at any time to require a member to give notice not exceeding three (3) months; provided however that no member may maintain a balance of shareholding less than the amount of his total liability to the Credit Union as a borrower or comaker.
 - (ii) Voluntary Shares shall be treated as liabilities of the Society.
 - (iii) Subject to the profitability of the Society, the Board of Directors may recommend for approval by the Annual General Meeting, the payment of interest on Voluntary Shares in amounts and at times as it may determine.

- (iv) The Society shall have a lien on all Voluntary Shares of a member for, and to the extent of, any sum due to the Society from the said member or any loan endorsed by him.
 - (v) Voluntary shares shall be required by the member in order to qualify to use the products and services of the Society as determined by the Board of Directors from time to time.
16. **Deleted per resolution May 2009**
17. **Deleted per resolution May 2009**
18. **Now 15b. (i)**
19. The Society shall have a lien on the voluntary shares of a member for any sum due to the Society from the said member or for any loan endorsed by him, and may apply any sum credited to the member thereon in or towards payment of any such debt.

**ARTICLE V
DEPOSITS**

20. (i) Deposits may be withdrawn on any day that the Society is open for business, but the Board of Directors may at any time require the depositor to give up to sixty (60) days' notice of his intention to withdraw the whole or any part of his deposits.
- (ii) Deposits will accrue interest on the first day of the month following such deposits.
- (iii) The rate of interest payable on Deposits shall be determined from time to time by the Board of Directors in keeping with the rates offered by the Central Bank.
- (iv) Deposits may be received from members only.
- (v) The Society shall have a lien on the deposits of a member for any sum due to the Society from the said member or for any loan endorsed by him, and may apply any sum credited to the member thereon in or towards payment of any such debt.

ARTICLE VI

RECEIPTING FOR MONEY

21. (i) Money paid in or out on account of shares, deposits, loans, interest, fees or charges shall be evidenced by a form, pass book, receipt or statement of account to be determined by the Board of Directors.

- (ii) Should any such evidence or receipt or payment be lost or stolen, immediate notice of such fact shall be given to the Treasurer or Board of Directors or an appropriate Officer in the Credit Union and written application made for the issue of a duplicate. The Board of Directors may require payment to the Credit Union of a reasonable charge to cover the cost of issuing a duplicate and may also require the member to file an adequate bond to indemnify the Society against any loss or losses resulting from the issuance of such duplicate.
22. All receipts and disbursements shall be supported by the proper vouchers and all disbursements shall be made by such methods as shall be determined by the Board of Directors from time to time.

ARTICLE VII

LOANS

23. Every loan shall be made exclusively to a member and for a provident or productive purpose. A member may not borrow from the Society when not in good standing.

24. All applications for loans shall be on a printed form, provided by the Society and shall set forth the purpose for which the loan is desired, the security, if any offered, and such other information as may be required by the Credit Committee or Loans Officer, in keeping with the existing Credit Policy of the Society as approved by the Board of Directors from time to time. If the facts stated in the application are found to be misrepresented, or the money used for some other purpose than that for which it was borrowed, the loan shall become immediately due and payable.
25. All applications for loans and the reports of the Credit Committee thereon shall be filed as permanent records of the Society.
26. (a) All loans granted shall be secured by the promissory note of the borrower, and by such additional security, if any, as the Credit Committee or Loans Officer may require.
 - (b) Loans to workers must be treated as a loan to an Officer, except for those loans granted by way of the Staff Loan Scheme or such other approved worker loan scheme which may be in force from time to time and which is administered and directed by the Staff

Loans Committee appointed by the Board of Directors and which is governed by the Staff Loans Policy approved by the Board of Directors from time to time.

27. The rates of interest to be charged on loans shall be determined by the Board of Directors from time to time.
28. (i) No Officer, member of the Board of Directors, member of the Credit or Supervisory Committee or Employee shall be allowed to borrow from the Society a total amount in excess of his Voluntary Shares and or Deposits and accumulated earnings unless approved by a majority decision of the meeting at which is present at least a quorum of the Credit Committee, one (1) representative from the Board of Directors and one (1) representative from the Supervisory Committee sitting together. The borrowing member shall not be allowed to take part in the meeting.
 - (ii) No Director or member of the Credit or Supervisory Committee or Employee may endorse or co-make for borrowers from the Credit Union.
29. Subject to the Credit Policy laid down by the Board of Directors from time to time, the amount of each loan, the

time for which it is granted, the terms of its repayment and the form and value of the security, if any, shall be determined by the Credit Committee or loan officer. However, the Credit Committee shall have the right to refer any loan to the Board of Directors for a final decision. Other conditions being equal preference shall always be given to the smaller loans.

30. A borrower may repay his loan prior to maturity, in whole or in part, on any business day.
31. (i) If by reason of sickness or some other cause, a member finds that he will be unable to discharge his obligations to the Society and notifies the Credit Union in writing before the loan is due, the Management may apply the appropriate action in keeping with the relevant policy as approved by the Board of Directors from time to time provided however, that unless excused therefrom by the Board of Directors the member shall pay a fine of no more than 2% per month on the arrears.
- (ii) Provided that where it is shown to the satisfaction of the Board of Directors that a member for reasons beyond his control, was unable to give notice as required in Rule 31 (i) prior to default on a loan, the

Board of Directors may in their discretion proceed as if the requisite notice had been received.

- (iii) No fines imposed under Section (i) of this Rule shall be charged for more than thirteen (13) consecutive weeks.
 - (iv) Any director or member of the Credit or Supervisory Committees who becomes delinquent in their loan obligations with the Society for three (3) or more months shall be removed from serving in their capacity.
32. The Board of Directors shall take steps to recover its assets where:
- a. a loan or an installment of a loan has not been paid on the date on which it became due; and
 - b. where no extension for the repayment has been given to the debtor by the Board of Directors under Rule 31; the Board of Directors shall take steps for the recovery of the same by referring the matter to the Registrar in accordance with Section 50 of the Act, and/or by realizing whatever securities are held for the loan.

ARTICLE VIII
BOARD OF DIRECTORS

33. a. (i) The business of the Society shall be conducted by a Board of Directors which shall be elected at the Annual General Meeting of the Society.
- (ii) The Board of Directors shall consist of not less than five (5) members and not more than eleven (11) all of whom shall be members of the Credit Union.
- (iii) Each member of the Board of Directors shall be a member in good standing of the Society, over eighteen (18) years of age and able to satisfy the “fit and proper” requirements by the Regulators.
- (iv) The number of the Board of Directors shall at all times be uneven number.
- (v) Each member shall hold Office until their successors are elected and shall be eligible for re-election in keeping with Rule 52 (ii).
- b. Election to the Board of Directors shall be held in such a manner that the terms of office of not more than a bare majority of the members shall expire at the same Annual General Meeting.
- c. A bare majority of members shall constitute a quorum, but fewer than a quorum may adjourn from time to time until a quorum is present.

34. (i) At the First Annual General Meeting a bare majority of the members constituting the Board of Directors shall be elected for a term of two years and the others for a term of one year. Whenever the number of members of the Board of Directors is increased, one-half of such additional members shall be elected for two years and one-half for one year. Thereafter the term of office for members shall be for two years.
- (ii) For the purposes of these rules the first meeting of members, after registration of the Society shall be called the First Annual General Meeting.
35. At the first meeting of the Board of Directors, which shall be held within ten (10) days of their election the Board shall elect from their own number a President a Vice-President, a Secretary and a Treasurer. The office of Secretary and Treasurer may be combined in one person. Each member of the Board at the first meeting shall be required to take the Board of Directors Pledge.
36. (i) Any Director or Officer of the Society may be removed at any time by resolution of the majority of the members present at any General Meeting called for that purpose; provided that such Director or

Officer shall be informed in writing of the charges against him at least ten (10) days before such meeting and at such meeting shall have reasonable opportunity to answer such charges.

- (ii) Any member who without due excuse approved by the Board fails to attend at three (3) consecutive regular meetings of the Board shall be deemed to have vacated his office.
 - (iii) Any vacancy on the Board of Directors shall be filled within fourteen (14) days by a vote of a majority of the remaining members, but the member so elected shall hold office only until the next Annual General Meeting, at which meeting a member shall be elected to complete the unexpired term, provided the term does not expire at the time of such meeting.
37. (i) The Board of Directors shall meet as often as the business of the Society may require, and in any case not less frequently than once per month. Meetings of the Board shall be summoned by the Secretary in writing. The Secretary shall also call a meeting of the Board upon the written request of the President, or by a bare majority of members of the Board of Directors.
- (ii) Minutes of meetings of the Board of Directors shall be recorded by the Secretary in the Minute Book, and

shall be signed by the President or other presiding member and by the Secretary, and shall contain the following particulars:

- a. the names of the members present and the date of the meeting;
- b. the name of the President or other presiding members; and
- c. a short statement of all matters discussed and decisions made, and a record as to whether each decision was made unanimously or by a majority.

- (iii) Any meeting of the Board of Directors or any committee designated by the Board may be held by telephone conference call or other communications equipment including video conferencing technology. Each person entitled to participate in the meetings must consent to the meeting being held by means of that system. The system so employed must provide access to the meeting in a manner by which each person attending can be properly identified. The system must facilitate the recording of any vote or other action taken at the meeting.
- (iv) For the purpose of determining the quorum and for all other voting purposes, attendance at such meetings shall constitute presence in person at the meeting. For the purposes of this rule, the laws of

Jamaica shall apply to any meeting of the Board or sub-committees and the meeting is deemed to take place in Jamaica.

38. (i) The Board of Directors shall have the general direction and control of the affairs of the Society, and more particularly shall act for the Society, and be responsible to it for the performance of the following duties:
- a. to act upon all applications for membership, and on the exclusion or expulsion of members;
 - b. to determine from time to time the applicable interest rates on loans;
 - c. to fix, from time to time, subject to the approval of the Registrar, the amount of surety bond which shall be required of all officers handling money and shall authorise the payment of the premium or premiums thereof by the Society;
 - d. to recommend dividends, to determine the rate of interest on deposits, and to recommend amendments to the Rules;
 - e. to fill vacancies on the Board of Directors and the Credit Committee;

- f. to determine from time to time subject to Section 25 of the Act, the maximum number of shares that may be held by any member;
- g. to authorise and supervise investments of the Society other than loans of members;
- h. to submit the accounts of the Society for audit in pursuance of the provisions of Section 38 of the Act and Regulation 38;
- i. to appoint the person who with the Treasurer shall have joint control of the securities;
- j. to employ, fix the compensation, and prescribe the duties of such employees as may in their discretion be necessary;
- k. to authorise borrowings and discounting operations on behalf of the Society subject to the provisions contained in these Rules, and subject also to the Act and Regulations;
- l. to supervise the collection of loans to members and authorize the charge off of uncollectable loans subject to the Act and Regulations. All such charged-off loans must be reported to the next Annual General Meeting by the Board of Directors.
- m. to maintain at all times an active programme of cooperative education, and to maintain relation with other Registered Societies aimed to promote the best

interest of the Society, and of the Co-operative Movement;

n. to take all measures to provide for the management of the affairs of the Society not provided to be taken by a General Meeting, and not inconsistent with these Rules, the Act and the Regulations;

o. to perform such other duties as the members in General Meeting may from time to time authorise.

(ii) The Board of Directors shall keep a copy of the latest annual Balance Sheet of the Society together with the Auditor's report, hung in a conspicuous place at the Registered Office of the Society.

39. The Board of Directors, except where covered by its Investment Policy, may not invest any of the funds of the Society unless the investment is approved by a two-thirds majority of the said Board, provided also, that all members constituting the Board have been previously notified that the matter is coming up for consideration at that meeting.

40. (i) No member of the Board of Directors shall receive any salary or wages as a member of the said Board.

(ii) Every member shall, before taking part in any business of the Board, be required to disclose any

personal interest arising out of that business, and after considering such disclosure, it shall be for the Board of Directors to decide whether such Board member shall take part in the discussion and vote upon the item of business in which he has disclosed an interest.

ARTICLE IX
CREDIT COMMITTEE

41. (i) The Credit Committee shall be elected at the Annual General Meeting of the Society and shall consist of not less than three (3) members, all of whom shall be members of the Society and age eighteen (18) or over and shall be in good standing with the Society. Each member shall hold office until his successor is elected and shall be eligible for re-election.
- (ii) No member of the paid staff shall be entitled for election to the Credit Committee.
- (iii) No member of the Credit Committee shall be allowed to serve more than three (3) consecutive terms, however such member will be eligible to serve once he sits out serving on any Committee for a period between Annual General Meetings or one (1) year whichever is earlier.

- (iv) Election to the Committee shall be held in such a manner that the terms of office of not more than a bare majority of the members shall expire at the same Annual General Meeting.
 - (v) At the First Annual General Meeting a bare majority of the members constituting the Committee shall be elected for a term of two (2) years, and the others for a term of one (1) year. Whenever the number of members of the Committee is increased, one-half of such additional members shall be elected for two (2) years, and one-half for one (1) year. Thereafter, the term of office for the Committee Members shall be for two (2) years.
42. (i) Any member of the Committee who without due excuse approved by the Committee fails to attend at three (3) consecutive meetings of the Committee shall be deemed to have vacated Office.
- (ii) Any vacancy on the Committee shall be filled by the Board of Directors, but such member shall hold Office only until the next Annual General Meeting, at which meeting a member shall be elected to complete the unexpired term provided the term does not expire at the time of such meeting.

43. (i) The Credit Committee shall choose from its number, a Chairman and a Secretary which offices may not be held by the same person. Those Officers, namely, Chairman and Secretary shall be designated as Desk Officers. Desk Officers may serve in these Offices for a maximum of five (5) years consecutively with a minimum rest period of one year thereafter, before such retiring Officers may serve in any of those positions or on any subsidiary company or entity where the Credit Union has majority ownership.”
- (ii) The Secretary of the Committee shall prepare and maintain full and correct records of all action taken by the Committee and shall notify all remaining Officer, members of the Board of Directors, and members of the Credit and Supervisory Committees whenever an Officer, member of the Board of Directors or member of the Credit and Supervisory Committees applies for a loan in excess of his shareholdings.
44. (i) The Credit Committee shall hold such meetings as the business of the Society may require, and not less frequently than once per month. Due notice of such meetings shall be given to the other members of the Committee by the Secretary.

- (ii) Any meeting of the Credit Committee may be held by telephone conference call or other communications equipment including video conferencing technology. Each person entitled to participate in the meetings must consent to the meeting being held by means of that system. The system so employed must provide access to the meeting in a manner by which each person attending can be properly identified. The system must facilitate the recording of any vote or other action taken at the meeting.
 - (iii) For the purpose of determining the quorum and for all other voting purposes, attendance at such meetings shall constitute presence in person at the meeting. For the purposes of this rule, the laws of Jamaica shall apply to any meeting of the Credit Committee and the meeting is deemed to take place in Jamaica.
45. (i) Subject to the Credit Policy laid down by the Board of Directors the Credit Committee shall determine the security, if any, which shall be required for each loan and the terms upon which it shall be repaid. When there are pending more loans than can be granted with the funds available, preference shall be given in all

cases to the applications for smaller loans if the need and credit factor are nearly equal.

- (ii) No loan, except as hereinafter provided, shall be made unless such loan has received a majority approval of the members of the Committee who were present at the meeting when it was considered provided that such members of the Committee shall have constituted a quorum of the Committee.
- (iii) The Credit Committee shall enquire into the character and financial position of each applicant for a loan and his sureties, if any, to ascertain their ability to repay fully and promptly the obligations incurred by them, and to determine whether the loan sought is for a provident or productive purpose, and will be of profitable benefit to the borrower. The Committee shall endeavour diligently to assist applicants in solving their financial problems.

46. Loan Officer:

- a. The Credit Committee may with the approval of the Board of Directors appoint one or more Loan Officers to serve at its pleasure and delegate to him or them the power to approve loans within limits specified by the Committee.

- b. All loans not approved by a Loan Officer shall be acted upon by the Committee.
 - c. No individual shall have the authority to disburse funds of the Credit Union for any loan which has been approved by him in his capacity as a Loan Officer.
 - d. The Credit Committee may review any and all loans that were approved subject to the Credit Policy, but without prejudice to their expressed authority as set out in Rule 45.
47. The Credit Committee shall send a report of their activities to the Board of Directors each month and shall, at the invitation of the Board of Directors, attend Board Meetings as required.

ARTICLE X

SUPERVISORY COMMITTEE

48. (i) The Supervisory Committee shall consist of not less than three members and not more than nine (9) members, none of whom shall be members of the Board of Directors or Credit Committee or Loan Officer or employee, and all of whom shall be

members of the Society, in good standing and over eighteen (18) years old.

- (ii) No member of the Supervisory Committee shall be allowed to serve more than five (5) consecutive terms, however such member will be eligible to serve once he sits out serving on any Committee for a period between Annual General Meeting or one (1) year whichever is earlier.
 - (iii) Members of the Committee shall be elected, for one year only at each Annual General Meeting. They shall hold Office until their successors are elected and shall be eligible for re-election.
 - (iv) Any member of the Committee who without due excuse approved by the Committee fails to attend at three (3) consecutive meetings of the Committee shall be deemed to have vacated office.
 - (v) In the event of a vacancy in the membership of the Committee, the remaining members of the Committee shall fill such vacancy by appointing a member who shall hold office only until the next Annual General Meeting.
49. (i) The Supervisory Committee shall choose from its number, a Chairman and a Secretary which offices may not be held by the same person. Those Officers,

namely Chairman and Secretary shall be designated as Desk Officers. Desk Officers may serve in these Offices for a maximum of five (5) years consecutively with a minimum rest period of one year thereafter, before such retiring Officers may serve in any of those positions or on any subsidiary company or entity where the Credit Union has majority ownership.

- (ii) The Secretary of the Committee shall maintain and have custody of full and correct records of all actions taken by the Committee.

- 50. (i) The Supervisory Committee shall:
 - a. at frequent intervals inspect the securities, cash and accounts of the Society;
 - b. make an examination of the affairs of the Society at least quarterly including an audit of its books of accounts;
 - c. by unanimous vote, if it deems such action necessary to the proper conduct of the Society, suspend any officer, member of the Board of Directors or Credit Committee and within fourteen (14) days thereafter call a Special General Meeting of the members to take such action relative to the suspension as the members may determine;
 - d. receive and investigate any complaint made by any member affecting the proper running of the Society;

- e. by a majority vote of its members, call a Special General Meeting of the members to consider any violation of these rules or any practice of the Society, which, in the opinion of the Committee is unsafe and unauthorised;

- (ii) In the process of their examinations and audits, the Committee shall examine all applications for loans made during the period under examination and satisfy themselves that for each loan made an application is on file and that each application states the purpose for which the loan is made, the description of the security, if any offered, and that it bears the approval of the Credit Committee.

- (iii) Within thirty (30) days of the end of each half-year, the Treasurer shall submit for attestation by at least two (2) members of the Supervisory Committee the statement for that half-year which he is required by these Rules to prepare.

- (iv) The Supervisory Committee may request the Board to provide compensation for any clerical and auditing assistance which the committee deems necessary to carry out its responsibilities, and this request should be granted by the Board as long as funds will permit.

- (v) The Supervisory Committee shall hold meetings as the business of the society may require, and not less frequently than once per month. Due notice of such meetings shall be given to the other members of the Committee by the Secretary.

- (vi) Any meeting of the Supervisory Committee may be held by telephone conference call or other communications equipment including video conferencing technology. Each person entitled to participate in the meetings must consent to the meeting being held by means of that system. The system so employed must provide access to the meeting in a manner by which each person attending can be properly identified. The system must facilitate the recording of any vote or other action taken at the meeting.

- (vii) For the purpose of determining the quorum and for all other voting purposes, attendance at such meetings shall constitute presence in person at the meeting. For the purposes of this rule, the laws of Jamaica shall apply to any meeting of the Supervisory Committee and the meeting is deemed to take place in Jamaica.

51. The Supervisory Committee shall send a report of their activities to the Board of Directors each month and shall, at the invitation of the Board of Directors, attend Board Meetings as required.

ARTICLE XI
OFFICERS

52. (i) The Officers of the Society shall be a President, a Vice-President, a Secretary, an Assistant Secretary, Treasurer and an Assistant Treasurer all of whom shall be appointed by the Board of Directors in accordance with Article VIII Rule 35 at the first meeting which shall be held within ten (10) days of their election in each year, and the said Officers shall hold office until their successors are elected. Those Officers, namely, President, Secretary and Treasurer, shall be designated as Desk Officers.
- (ii) Terms of Desk Officers of the Board of Directors: These Officers may serve in these Offices for a maximum of five (5) years consecutively with a minimum rest period of one year thereafter, before such retiring Officers may serve in any of those positions or on any subsidiary company or entity where the Credit Union has majority ownership.

- (iii) **PRESIDENT:** The duties of the President shall be to preside at meetings of the members and of the Board of Directors, and shall perform such other duties as customarily appertain to the office of President or as he may be directed to perform by resolution of the Board of Directors, not inconsistent with the Co-operatives Societies Act and these Rules, and in addition such duties as the Co-operative Societies Act and Regulations may require to be performed by the President.
- (iv) **VICE-PRESIDENT:** The Vice-President shall, in the event of the absence or disability of the President or his refusal to act, perform the duties of the President and/or such other duties as the Board of Directors may from time to time prescribe.
- (v) In the absence of the President and Vice-President, the remaining Directors constituting a quorum, may select from among themselves a Chairman for that meeting, who shall not be the Secretary.
- (vi) **SECRETARY:** It shall be the duty of the Secretary to keep a correct record of all meetings of members, the Board of Directors, and the Officers. He shall give notice of all meetings of the members in the manner prescribed by these Rules, and shall perform such

other duties as he may be directed to perform by resolution of the Board of Directors not inconsistent with the Law and these Rules.

- (vii) ASSISTANT SECRETARY: The Assistant Secretary shall in the event of the absence or disability of the Secretary or his refusal to act, perform the duties of the Secretary and/or such other duties as the Board of Directors may from time to time prescribe.
- (viii) TREASURER: The Treasurer shall maintain oversight responsibility of the financial affairs of the Society and should be sufficiently qualified to carry out such responsibilities. He shall ensure that the financial responsibilities as delegated to Management are effectively administered in keeping with best practices, current financial reporting standards and other standards as may be required from time to time by the Regulators.
- (ix) ASSISTANT TREASURER: The Assistant Treasurer shall in the event of the absence or disability of the Treasurer or his refusal to act, perform the duties of the Treasurer and/or such other duties as the Board of Directors may from time to time prescribe.

53. During the absence or disability of any officer or his refusal to act, the Board of Directors may appoint another member to act temporarily in his stead.
54. Rule deleted – May 2012 (was Rule 55)

ARTICLE XII

MEETINGS OF MEMBERS

55. (i) The supreme authority in the Society is vested in the General Meeting of members at which every member in good standing has a right to attend and vote on all questions.
- (ii) The first general meeting of members after registration of the Society shall be called the First Annual General Meeting, and shall have the same powers as are herein given to the Annual General Meeting.
56. (i) Each member shall have one vote only and there shall be no voting by proxy; provided that in the case of a second or casting vote.
- (ii) Any question submitted for the decision of the members present at a meeting shall be decided by a majority of votes.

- (iii) At any meeting a resolution put to the vote shall be decided by a show of hands unless voting by ballot is demanded by at least five (5) of the members present before declaration of the result by the show of hands, and in such case, voting by ballot shall be taken.
57. (i) The Annual General Meeting of members shall be convened by the Board of Directors not later than two months after the report on the Audit of the accounts of the Society for the past financial year by the Registrar or person authorised by him, is received by the Board of Directors.
- (ii) The Annual General Meeting of members has both the right and the responsibility:
- a. to consider the report of the Board of Directors on the previous year's work of the Society together with the financial statements and Auditor's Report and to sanction the appropriation and distribution of surplus;
 - b. to hear and pass upon the reports of the Credit and Supervisory Committees;
 - c. to elect members of the Board of Directors, and the Credit and Supervisory Committees, and to remove them from office in accordance with these Rules;
 - d. to elect to the management of any Registered Society such representatives as the Constitution of that body

- may from time to time require to be elected from this Society. At least fifty (50) percent of such representatives shall be elected from among the serving members of the Board of Directors of this Society;
- e. to determine what amendments shall be made in the Rules;
 - f. to exercise its final authority in all other matters vitally affecting the Society as a co-operative fraternal body, and as a business organization.
- (iii) The order of business at Annual General Meetings shall be:
- a. ascertainment that a quorum is present;
 - b. taking apologies for absence;
 - c. reading and approval of the Minutes of the last Annual General Meeting, and of any intervening Special General Meeting and discussion of matters arising therefrom;
 - d. reports of:
 - (i) Board of Directors;
 - (ii) Treasurer and Auditor;
 - (iii) Credit Committee;
 - (iv) Supervisory Committee;
 - (v) Any sub-committee;
 - e. unfinished business;

- f. elections to:
 - (i) Board of Directors;
 - (ii) Credit Committee;
 - (iii) Supervisory Committee;
 - (iv) Management of any Registered Society in accordance with Rule 58
 - g. nomination of Auditors for the ensuing year;
 - h. new business;
 - i. adjournment.
58. (i) Special General Meetings may be called by the Board of Directors upon their own initiative and shall be called by them at the request of the Supervisory Committee, or upon the written petition of not less than fifteen (15%) per cent of the members, or twenty-five (25) members, whichever is less. The purpose of the Special General Meeting shall be set forth in the notice and only such business as is described in the notice may be dealt with at such meetings.
- (ii) If the Board of Directors fails to convene a meeting within fourteen (14) days from the receipt of a demand as aforesaid, the Supervisory Committee or the members applying for such a meeting will have the right to convene the meeting by notice which must contain the object of the proposed meeting, and a

statement to the effect that the meeting is convened on the failure of the Board of Directors to convene the meeting demanded.

59. At least seven (7) days before the date of any Annual or Special General Meeting the Secretary shall post a notice of the meeting in a conspicuous place in the office and shall notify by advertisement in a major daily newspaper or electronic media a notice of the meeting.
60. (i) a. A quorum at an Annual or Special General Meeting shall be one-half of the total number of members or ten (10) members whichever is less when the Society consists of not more than forty (40) members; or
- b. One-quarter of the total number of members or fifty (50) members whichever is less when the Society consists of more than forty (40) and not more than five hundred (500) members; or
- c. One-tenth of the total number of members or seventy-five (75) members whichever is less when the Society consists of more than 500 and not more than one thousand (1,000) members; or

- d. one hundred (100) members when the Society consists of more than one thousand (1,000) members.
 - (ii) If at the expiration of one hour after the time fixed for any Annual or Special General Meeting and the set quorum is not present, such meeting shall be considered dissolved if convened by or on the demand of members; in all other cases it shall stand adjourned for a date not fewer than eight (8) or more than twenty-one (21) days thereafter; and the members present at such adjourned meeting shall constitute a quorum, regardless of the number of members present. The same notice shall be given for the adjourned meeting as is prescribed in Section 59 of Article 12 for the original meeting.
61. The President of the Board of Directors, or in his absence, the Vice-President, or in the absence of both, any other member of the Board of Directors elected by a majority of those present shall preside at the Annual or Special General Meeting.
62. (i) Minutes of the Meetings shall be signed by the President and Secretary, and shall contain:

- a. the number and names of the members present at the meeting and the name of the President or of the person who presided at the meeting
 - b. the time fixed for the meeting and the time the meeting commenced;
 - c. the total number of members on the date on which the meeting was held; and
 - d. all resolutions passed or decisions made at the meeting.
- (ii) Any publication of the Minutes of the meeting will not contain the list of members; however the list is available for inspection by any member of the Society.
63. No political, sectarian or racial discussion shall be raised, or resolution proposed, either at any Committee, Board, or General Meeting of the Society.

ARTICLE XIII
NOMINATING COMMITTEE,
NOMINATION PROCESS AND ELECTIONS

64. (i) Nominating Committee
- A Nominating Committee shall be appointed by the Board of Directors and shall consist of at least three

- (3) members one of whom will be a Board Member who shall be the Chairman of the Committee.
- (ii) Nomination Process
- (a) Not less than one hundred and twenty days (120) days prior to the Annual General Meeting (AGM) the Nominating Committee shall meet to consider the following:
- (i) The vacancies that will arise at the AGM on the Board of Directors, the Credit Committee and the Supervisory Committee;
 - (ii) A preliminary list of nominations to be made to fill such vacancies;
 - (iii) All other matters and procedures required to fill such vacancies.
- (b) Not less than ninety (90) days prior to the AGM the Nominating Committee shall in writing:
- (i) notify the membership of the vacancies for the Board of Directors, Credit and Supervisory Committees;
 - (ii) invite nominations from the membership to be made for each vacancy by petition in the prescribed form signed by at least five (5) members each of whom shall be a member in good standing with the Society;

- (iii) notify the membership of the closing date for receiving nominations by petition.
- (c) In all cases, the period for receiving nominations by petition shall extend at least forty (40) days from the date of written notification by the Nominating Committee.
- (d) The written notice from the Nominating Committee to the membership shall indicate that there shall be no nominations from the floor.
- (e) The written notice from the Nominating Committee to the membership shall also be prominently displayed at the place, and if more than one, the places of business of the Credit Union.
- (f) Upon consideration of all nominations made and received by petition, the Nominating Committee shall review and recommend at least one (1) member for each vacancy.
- (g) The Nominating Committee shall report its recommended nominations with the Secretary of the Credit Union at least forty (40) days before the AGM.
- (h) Each nominee by petition shall submit to the Nominating Committee:

- (i) the petition duly completed with the signatures of five (5) members;
 - (ii) a brief statement of qualifications and experience in a form approved by the Board of Directors;
 - (iii) a completed Fit and Proper Questionnaire in a form determined by the Board of Directors.
 - (iv) a signed letter from the nominee stating that he/she is agreeable to the nomination and will serve if elected to office.
- (i) The Nominating Committee shall have the authority to include candidates not nominated by members' petition among those to be considered by the Committee, and of its own accord submit by way of petition in like manner, suitable candidates to fill the vacancies on the various Committees.
 - (j) Members of the Nominating Committee shall not be eligible for nominations.
 - (k) The Nominating Committee shall act in accordance with the Rules and Policies of the Credit Union in its selection of each nominee.
 - (l) A member seeking nomination to hold office shall be disqualified if that member:

- (i) fails to satisfy the Nominating Committee that he is a fit and proper person to accept the responsibilities and perform governance functions of the Credit Union;
 - (ii) is delinquent in their loan or other obligations with the Society at the date of the petition and up to the date of election;
 - (iii) has been a member of the Credit Union less than six (6) months before the date of the petition, save where the member is an active member for more than six (6) months in another co-operative society in Jamaica;
 - (iv) whose membership in any other co-operative society at the time of the Nominating Committee's deliberations has been judged delinquent;
 - (v) is not ordinarily resident in the Island.
- (m) Where a volunteer's term has not expired and he is seeking nomination or election to a Committee other than the Committee he currently serves on, he shall tender his resignation from that Committee.
- (n) The Nominating Committee will no later than thirty (30) days prior to the AGM notify the members in writing of the nominations

recommended by them. The notice shall also be posted in a conspicuous place in the Credit Union.

- (o) After the Nominating Committee has notified the members of its recommended nominees the nominees shall be presented and placed before the members at the AGM by the Nominating Committee to be considered by the members present.
- (iii) Elections
- (a) Elections shall be in the following order:
 - (i) Elections for members of the Board of Directors;
 - (ii) Elections for members of the Credit Committee;
 - (iii) Elections for members of the Supervisory Committee;
 - (iv) Delegates and Alternate Delegates to the League or any affiliated organisations as determined by the Board of Directors.
 - (b) After the nominees of the Nominating Committee have been placed before the members, a Returning Officer shall be appointed by the Chairman and will preside over the elections at the AGM.

- (c) If the nominees equal the number of vacancies, the nominees shall be declared elected by general consent or acclamation of the membership at the AGM.
- (d) In the event there are more nominations recommended by the Nominating Committee than the number of vacancies available, there shall be voting by ballot. The Returning Officer shall be responsible for appointing tellers, distributing ballot, conducting and tallying the vote, any other action to ensure a valid, efficient and smooth election and thereafter announcing the results.
- (e) In the event a vacancy arises between the close of nomination and the AGM, or if there are insufficient nominees to fill all vacancies the Board of Directors shall appoint a member to fill such vacancy until the next AGM in accordance with the Rules of the Credit Union.

ARTICLE XIV
RESERVE FUND

- 65. (i) The Board of Directors shall set aside to a Reserve Fund all entrance fees and fines collected from

members, and at the end of each financial year, before the declaration of dividend, at least 20% of the net surplus.

- (ii) The Reserve Fund shall be the indivisible property of the Society, and may be applied with the sanction of the Registrar to meet bad debts or losses sustained through extraordinary circumstances over which the Society has no control.
- (iii) The Reserve Fund shall be kept liquid and intact and not otherwise disturbed except in liquidation.

ARTICLE XV DISPOSAL OF SURPLUS

66. The net surplus of the Society as ascertained by the audit shall be applied as follows:
- (i) At least twenty (20) percent shall be carried to the Reserve Fund.
 - (ii) The remainder shall be utilized as the Annual General Meeting may decide in any one or more of the following ways:
 - a. To pay a dividend on Permanent Shares;
 - b. To pay interest on Voluntary Shares;

- c. To promote co-operative education among members; and purposes, subject to Section 36 of the Co-operative Societies Act;
- d. To create any special reserve;
- e. To offer honoraria;
- f. To create and build a Share Transfer Fund to be used as prescribed in Rule 14 (v) and the By-Laws.

ARTICLE XVI
FINES

67. The Board of Directors shall have power to impose on members the fines prescribed by these Rules and which shall be added to the Reserve Fund of the Society. Any fine thus imposed shall be considered as debt due by the members concerned to the Society, and shall be collected as such.

ARTICLE XVII
BANKING ACCOUNT

68. The Board of Directors shall select a reputable Bank or Banks in which the Banking Accounts of the Society shall be kept. All banking transactions on behalf of the Society shall be executed by persons designated by the Board of

Directors in accordance with the Authorities Schedule approved by the Board from time to time.

ARTICLE XVIII
POWER TO BORROW

69. a. The Board of Directors may incur a liability in Voluntary Shares, deposits and/or loans from any source on such terms of payment and/or security; provided that the total liability shall not exceed a ratio of twelve (12) times the Society's Capital.
- b. Funds not used in loans to members may be invested as follows:
- (i) In loans to or shares of other Co-operatives
 - (ii) In shares of any Company or undertaking approved by the Registrar or other supervisory or regulatory body having the power or right to exercise authority for approval.

Funds invested in (i) or (ii) above shall not exceed twenty five per cent (25%) of the Credit Union's total share capital.

ARTICLE XIX
FINANCIAL YEAR

70. The Financial Year of the Society shall end on December thirty-one of each year.

ARTICLE XX
SEAL

71. (i) The Board of Directors shall adopt for the use of the Society a distinctive Seal having the name of the Society inscribed thereon.
- (ii) The Seal of the Society and a Register of its use shall at all times remain in the custody of the Treasurer or such other person as the Board of Directors may appoint for the purpose at the Registered Office of the Society.
- (iii) The Seal of the Society shall only be used by the authority of a resolution of the Board of Directors or of a committee of the Directors authorized by the Board of Directors on their behalf or such other person as the Board of Directors may appoint for the purpose, and every instrument to which the Seal shall be affixed to be signed by a Director and be countersigned by the Secretary or by a second Director or such other person or persons appointed by a Resolution of the Board of Directors for that purpose,

and every document so affixed with the Seal of the Society must be entered in the Register as provided in Rule 71 (ii) and presented at the earliest meeting of the Board of Directors for ratification.

ARTICLE XXI

POWER OF NOMINATIONS

72. (i) A member of the Society may in writing under his hand, delivered at or sent to the Registered Office of the Society during the lifetime of such member, nominate any person or persons other than officer or servant of the Society, (unless such officer or servant is the husband, wife, father, mother, child, brother, sister, nephew or niece of the nominator) to or among whom his property in the Society whether in shares, loans or deposits or so much thereof as specified in such nomination if the nomination does not comprise the whole, shall be transferred at his decease.
- (ii) A nomination so made may be revoked or varied by any similar document under the hand of the nominator delivered or sent as aforesaid.
- (iii) Every appointment of a nominee shall be made in the form prescribed by the Registrar.

- (iv) The Board of Directors shall charge such fee as they deem fit in connection with all nomination, and with revocations and variations of the same.
 - (v) A notice of the right of nomination shall be sent by the Treasurer to every individual member who has not exercised this right, with the notice convening the Annual General Meeting in each year, and shall be otherwise given as the Board of Directors may direct.
73. On receiving satisfactory proof of the death of a nominator, the Board of Directors shall proceed in the manner laid down in Sections 17 & 19 of the Co-operative Societies Act and Regulation 14.

ARTICLE XXII
MEMBERS OF UNSOUND MIND

74. (i) Where a member of the Society has become of unsound mind, incapable of managing himself or his affairs, and no committee of his estate or trustee of his property have been appointed, the Society may, subject to the provisions of Regulations 49 and of Section 29 of the Co-operative Societies Act:

- a. transfer the share or interest of such member to the Administrator General for Jamaica in trust for such member; or
 - b. the Society may pay a sum representing the value of the member's share or interest to the Administrator General; provided that, if the value of such share or interest does not exceed Two Hundred Dollars (\$200.00) the Board of Directors may, subject to any conditions they think fit, pay the whole or any portion of such sum to the person who appears to them to have the care of such members or the management of his affairs.
- (ii) All transfers and payments made by the Society in accordance with the provisions of these Rules shall be valid and effectual against any demand made upon the Society by any other person.

ARTICLE XXIII
DISPUTES

75. (i) Any dispute touching the business of the Society which may arise:
- a. among members, past members and persons claiming through members, past members and deceased members; or

- b. between a member, past member, or person claiming through a member, past member or deceased member and the Society, its Board of Directors or any Officer of the Society; or
 - c. between the Society and any other Registered Society, shall be referred to the Registrar as provided in Section 50 of the Act.
- (ii) A claim by the Society for any debt or demand due to it from a member, past member or the nominee, heir or legal deemed to be a dispute touching the business of the Society.

**ARTICLE XXIV
AMENDMENTS TO THE RULES**

76. These rules may be amended by a resolution of the members at any Annual or Special General Meeting called for the purpose by three fourths vote, of those present and entitled to vote provided a copy of the proposed amendment together with a written notice of the meeting shall have been placed in at least one major Daily newspaper and/or electronic medium and shall be also printed in the Annual Report at least seven (7) days before the said Meeting. No amendment shall become operative until it has been

approved by the Registrar in accordance with the Co-operative Societies Act.

ARTICLE XXV
SPECIAL BY-LAWS

77. (i) The Board of Directors shall have power to make Special By-Laws consistent with the provisions of the Act, Regulations, and these Rules, for the proper conduct of the business of the Society, as from time to time may seem necessary to them. No such By-Laws shall, however, be valid until they are approved by the Registrar.
- (ii) The Society shall keep a book containing all such By-laws to be kept open at all times for inspection by members, or any person authorised by the Registrar.

ARTICLE XXVI
VOLUNTARY DISSOLUTION

78. The Society may be dissolved by the consent of three-fourths of its members, but only in the manner provided by the Co-operative Societies Act.