



BYE-LAWS

OF

**FIRST FEDERAL
CO-OPERATIVE CREDIT UNION LIMITED**

**BYE- LAW NO. 1 – 2009
AMENDMENT NO. - 1 OF 2022**

**Bladen Commercial Development
P.O. Box 507
Basseterre, St. Kitts**

April 25, 2022

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**UNDER THE TERMS AND PROVISIONS OF
THE CO-OPERATIVE SOCIETIES ACT, No. 31 of 2011. CAP 21.04
(Revision 31 December 2017)**

**And
The Co-operative Societies Regulations**

**BYE-LAW NO. 1 of 2009
AMENDMENT NO. 1 of 2022**

Bye-Laws, as amended relating generally to the conduct of –

FIRST FEDERAL CO-OPERATIVE CREDIT UNION LIMITED

BE IT ENACTED as the general Bye-Laws of **First Federal Co-operative Credit Union Limited** (hereinafter called “the Credit Union”) as follows: -

**AMENDED BYE-LAWS OF
FIRST FEDERAL CO-OPERATIVE CREDIT UNION LIMITED
(hereinafter referred to as “the Credit Union”)**

1. INTERPRETATION

- 1) In these Bye-Laws, unless the context otherwise requires, expressions defined in the Act or the Regulations shall have the meaning so defined, and words importing the singular shall include the plural and vice-versa, and words importing the masculine gender shall include the feminine gender and words importing persons shall include bodies corporate.

- 2) In these Bye-Laws:

"Act" means the Co-operative Societies Act, No. 31 of 2011, Cap. 21.04 Revised Edition as at 31 December 2017 (hereinafter referred to as the Act) and includes any amendments thereto;

“Board of Directors” or “Board” means the directing body, to whom the management of the affairs of the Credit Union is entrusted;

“Bye-Laws” means the registered Bye-Laws made by the Credit Union in the exercise of any power conferred by the Act, and includes registered amendments of these Bye-Laws;

“Credit Union” means a co-operative society organised by a group of people with a shared field of membership for provident and productive purposes and providing co-operatively pooled financial services to its members, including savings and lending business;

“Connected” means affiliated, associated with and or related to;

“Compliance Officer” means a person appointed by the Board under Section 67 of the Act;

“Digital signature is a digital or electronic signature and a trusted digital ID combined into one.”

“Electronic/Online access” refers to members being able to access their account and carry out financial and other transactions through the internet on their smartphone, tablet, computer, or other electronic device, which allows members to carry out a number of tasks such as paying bills and transferring money, without having to visit or call the Credit Union;

“Electronic signature” or “e-signature” refers to a signature in electronic or digital form, incorporated into, or adopted by the Board, Management, an Officer or Member of the Credit Union which when affixed indicates approval and agreement to the content of a document or instrument. Electronic or digital signature is a legally binding approval on electronic documents and replaces a handwritten signature;

"Executive of the Board" includes the President, Vice President, Secretary, Treasurer or any other officer elected by the directors from amongst themselves at the first Board meeting;

“Hybrid Meeting” is a meeting that is held both at a physical location and electronically using information communication technology, providing members with the option to attend the meeting either in person or virtually;

“Information Communication Technology (ICT)” refers to technologies that provide access to information through telecommunications. This includes the internet, wireless networks, cell phones, and other electronic communication mediums;

“Manager” means the top executive/chief executive officer appointed by the Board of Directors;

“Member[s]” includes a person or a registered Co-operative Society joining in the application for registration of the Credit Union, and a person or registered society admitted to membership after registration in accordance with the Co-operative Society Act, or the Bye-Laws;

“Minor” means an individual under the age of fourteen (14) years;

“Officer” refers to any individual elected by the members to serve on the Board of Directors or a Committee;

“Par Value” means the stated or face value of a share;

“P-E-A-R-L-S” refers to the International Prudential Standards for Credit Unions developed and promoted globally by the World Council of Credit Unions in respect of **P**rotection, **E**ffective Financial Structure, **A**sset Quality, **R**ates of Return and **C**osts, **L**iquidity and **S**igns of Growth;

“Place of meeting” shall include electronic or virtual platform using information technology communication;

“Prescribed Class” means any specified occupation or status attained by a member and which debars him from holding elected office in the credit union including any candidate for elected political office, any holder of elected political office, any employee of the Department responsible for regulating Co-operatives, or an officer in a competing institution;

“Present” is not restricted to being physically present, but the ability to be present and active in real time regardless of physical location and shall include members who are in virtual attendance at a meeting using an ICT platform;

“Quorum” means the minimum number of voting members or officers that must be present at any of its meetings to make the proceedings of that meeting valid;

“Registrar” means the Registrar of Credit Unions;

“Regulations”, means the Co-operative Societies Regulations;

“Signature” includes physical, digital or electronic signature or any other meaning given under the Electronic Transactions Act Cap 18.44 and includes any symbol executed or adopted, or any methodology or procedure employed or adopted by a person with the intention of authenticating a record, including electronic or digital methods;

“Virtual Attendance” means that a person is not physically present at a meeting, but instead is able to participate in and is present at the relevant meeting by means of a video and/or audio platform or some other information technology communication in like manner to any person who may be physically present; and

“Virtual Meeting” is one that is held exclusively using ICT or some other online technology without a corresponding physical, in-person meeting.

- 3) These Bye-Laws are supplementary to the provisions of the Act and the Regulations and the Credit Union shall be guided by the Act, Regulations and the Bye-Laws read together.

2. NAME, LEGAL STATUS AND POWERS

- 1) Under the terms and provision of the laws of the Federation of St. Christopher and Nevis, the name of the Credit Union shall be **“FIRST FEDERAL CO-OPERATIVE CREDIT UNION LIMITED”**. The duration of the Credit Union shall be unlimited.
- 2) The Powers of the Credit Union shall be:
 - (a) to safeguard, uphold and represent the best interests of all its members, especially in financial matters;

- (b) to hold funds by way of shares, deposits, grants, donations, loans, entrance fees, retained earnings, reserves, development and any related funds;
- (c) to build on any land acquired for the business of the Credit Union and to develop, improve, mortgage, lease, transfer, assign or otherwise deal with such property;
- (d) to conduct, encourage and support awareness building and skills training activities in the interest of the Credit Union;
- (e) to associate and affiliate with other societies, the Apex Body, other businesses, and other business organizations in furthering the interests of the Credit Union;
- (f) to develop and maintain excellent relations with members, the community, Government, the Private Sector, suppliers, and competitors;
- (g) to undertake all other acts and devices as are incidental or conducive to or consequential upon the attainment of its objects as stated below.

3. REGISTERED ADDRESS AND GEOGRAPHICAL AREA OF OPERATIONS

- 1) The registered address of the Credit Union shall be Bladen Commercial Development, Wellington Road, Basseterre, Federation of St. Christopher and Nevis or at any other place as may from time to time be determined by the Credit Union.
- 2) A change in the registered address of the Credit Union shall be communicated to the Registrar within thirty (30) days from the date of the change.
- 3) The area of operations of the Credit Union shall be the islands of St. Christopher and Nevis, or such other area or jurisdiction as subsequently amended in writing by the Registrar on receipt of an application from the Credit Union.

4. GOAL AND OBJECTS

The Credit Union shall pursue the following objectives to realize the goal of creating sustainable income, employment, and business opportunities for its members:

- 1) To promote industry, entrepreneurship and business opportunities among its members by providing modalities whereby increased sales and earnings can be effected and whereby ownership shares in the Credit Union can be acquired and can grow;
- 2) To promote thrift among members by providing ways and means whereby savings can be accumulated in the Credit Union;

- 3) To comply with and educate members in the International Principles of Co-operation including the International Operating, Safety and Soundness, Good Governance, and Consumer Protection Principles approved by the World Council of Credit Unions;
- 4) To educate, counsel and assist members in the efficient management of their businesses, family, and personal financial affairs.
- 5) To create a source of credit available to members out of their pooled savings and other funds of the Credit Union, on reasonable terms and conditions, for provident and productive purposes;
- 6) To represent and advocate for the best interests of the members at all times;
- 7) To contribute towards social development, non-profit, charitable, benevolent or cultural purposes in the Federation of St. Christopher and Nevis as resources permit, pursuant to Section 128 of the Act;
- 8) To comply with the Co-operative Societies Act or any other legislation enacted in the Federation of St. Christopher and Nevis from time to time;
- 9) To undertake all other acts as are incidental or conducive to or consequential upon the attainment of the above objectives.

5. CAPITAL, FUNDS AND LIABILITY

- 1) The capital and funds of the Credit Union shall be raised by means of:
 - a) qualifying shares paid to become voting members;
 - b) additional subscriptions to shares acquired by members;
 - c) the savings or deposits of members or non-members;
 - d) loans from members or non-members;
 - e) entrance fees, other fees and charges, fines, interest on loans and investments; and
 - f) donated capital and other financial contributions from members and other sources.
- 2) Each share of the Credit Union shall be of the par value of one dollar (\$1.00) or such other sum as the Board may decide. Each member of the Credit Union shall hold a minimum of two hundred and fifty common or voting shares in the Credit Union, provided that
 - a) for each succeeding year, each member shall be encouraged to purchase additional shares and to retain active membership and full rights and privileges thereof; and

- b) the maximum number of shares which may be held by any member shall be subject to the provisions of Section 100 of the Act and Bye-Law 7(7).
- 3) Subject to the provisions of the Act, Regulations and Bye-Laws of the Credit Union, deposits may be received from members or non-members at such rates and on such terms and conditions as the Board may from time to time determine.
- 4) Subject to Bye-Law 15(15), the Board may, without sanction of a General Meeting, borrow or raise money from any source in any manner the Board thinks fit, provided that this sum does not exceed the maximum liability ceiling of the aggregate of four (4) times the retained earnings and reserves of the Credit Union, unless this sum is changed at a subsequent Annual General Meeting.
- 5) The members at a general meeting shall, in accordance with the provisions of the Act and Regulations, from time to time fix the maximum amount which the Credit Union may at any one time owe in respect of deposits and loans.
- 6) The funds of the Credit Union shall be applied only towards the promotion of the objects the Credit Union as set forth in Bye-Law 4 and therefore the following purposes, namely:
 - a) operational expenses;
 - b) loans to its members for provident or productive purposes;
 - c) member, staff, management and leadership development.
 - d) such charitable purpose as the Board may agree, in accordance with Section 128 of the Act; and
 - e) any other purpose authorized by the Act, Regulations and these Bye-Laws.
- 7) The liability of a member to make contributions to the assets of the Credit Union in case of liquidation shall be limited to his shares.

6. MEMBERSHIP

- 1) To qualify for membership, a person must:
 - a) be a citizen or resident of the Federation of St. Christopher and Nevis or shall be a citizen of another CARICOM Member State; and
 - b) not be an undischarged bankrupt;
 - c) be of sound mind;

- d) be of the age of sixteen (16) years or over;

Applications

- 2) Any person who meets the required qualifications and is desirous of becoming a member shall apply to the Board stating name, residence, occupation, and such other information as the Board may require in accordance with these Bye- Laws, the Act and Regulations, prevailing Anti Money Laundering and Anti-Terrorist Financing legislation or any other legislation. The applicant shall state his willingness to comply with the Bye-Laws of the Credit Union and with the decisions and orders of the General Meeting, the Board of Directors, and the properly authorized officers of the Credit Union, admitting his liability to all obligations, penalties and conditions prescribed in these Bye-Laws.
- 3) Applications for membership shall be approved by a simple majority at a duly constituted Board meeting at which the members present may admit or reject any application without assigning any reason therefor. The Board may, by resolution, delegate responsibility for approving or rejecting applications to officers of the Credit Union.
- 4) An applicant whose application has been rejected by the Board's assign or by the Board may appeal to a General Meeting of members at which a vote shall be taken, and if two-thirds or more of the members present and voting vote in favour of the admission of the applicant, he shall be admitted forthwith.
- 5) Every applicant for membership shall pay an entrance fee of ten dollars (\$10.00). This fee is non- refundable and shall be applied to the reserves of the Credit Union.
- 6) Subject to the above, all applications shall be approved or disapproved within 30 days and all applicants duly notified of the decision within the said 30 days.
- 7) Upon receipt of approval of the application and the purchase of a minimum of two hundred and fifty (250) shares or such other number as the Board may decide from the Credit Union an applicant shall be enrolled as a member of the Credit Union and shall be entitled to all rights or privileges of membership, subject to Section 26 (2) to (5) of the Act and Bye-Law 5(2).

Termination

- 8) A person ceases to be a member of the Credit Union:
 - a) on death;
 - b) if he is declared bankrupt by a court of competent jurisdiction;
 - c) on ceasing to hold the minimum number of shares required to become a member under Bye-Law 7(7) due to a sale or transfer of all his shares in the Credit Union;

- d) on withdrawal from the Credit Union as provided in Section 30 of the Act. A member shall only withdraw from the Credit Union after giving three months' notice to the Board and on the sale or transfer of all his shares. The Credit Union shall not be obligated to buy the shares of a member who chooses to withdraw his membership from the Credit Union. Withdrawal of membership shall not affect any existing liability of the member to the Credit Union;
 - e) on the compulsory acquisition of his shares pursuant to Section 119 of the Act;
 - f) on expulsion from the Credit Union as provided in Sections 31 and 32 of the Act; or
 - g) if, subject to as hereinafter provided, he ceases to be qualified in accordance with any of the section in Bye-Law 6 sub-section (1) (a), (b), (c), (d) or (e).
- 9) No individual shall terminate his membership while he is a borrower, an endorser (co-maker), or a guarantor on any loan due to the Credit Union.
- 10) Any member may have his membership terminated by the Board in accordance with Section 31 of the Act, where at least two-thirds (2/3) vote of the directors present at a meeting called for that purpose and once the charge has been communicated to that member in writing at least ten (10) days before the date of the meeting, where the member is guilty of any of the following: -
- a) fails to pay any contribution or debt due to the Credit Union;
 - b) fails to pay any contribution or debt due to another Credit Union or financial institution;
 - c) is convicted of a criminal offence involving dishonesty, illegal drugs, or money laundering, or
 - d) in the opinion of the Board, acts in a manner which may be detrimental to the interests of the Credit Union;
- 11) A member whose membership has been terminated may appeal the termination pursuant to Section 34 of the Act.
- 12) Subject to the provision of the Act, after payment of any amount due to the Credit Union or of any contingent liability to the Credit Union, all amounts held to the credit of a member who withdraws or whose membership has been terminated, together with any interest accrued on those amounts shall be paid, in order of termination, but only as funds are available and within one year after withdrawal or termination.
- 13) Subject to Bye-Law 32, the Credit Union shall keep a Register of all members in accordance with Section 28 of the Act.

7. PERMANENT SHARES

- 1) Shares shall be denominated at value of one dollar (\$1.00) each or such other value as the Board may determine and the minimum requirement shall be purchased from the Credit Union together with application for membership. Once application for membership has been approved, shares cannot be withdrawn but are transferable.
- 2) All applications for transfer of Shares shall be made on the form prescribed by the Board.
- 3) A transfer of shares can only be made to a person who meets the requirements of membership with the Credit Union.
- 4) A transfer of shares shall not bind the Credit Union until notified in writing and unless the transfer complies with the Bye-Laws of the Credit Union.
- 5) No person who is indebted to the Credit Union or who is the guarantor (co-maker) of a loan made by the Credit Union shall transfer all of his Shares without the prior written consent of the Credit Union.
- 6) The total share capital purchased by the members is unlimited but may not exceed the equivalent of 10% of the total assets of the Credit Union.
- 7) No single member or connected party may own more than 20% of the total shares of the Credit Union.
- 8) Notwithstanding the above, for each succeeding year after becoming a member, each member shall be encouraged to purchase additional shares and to retain active membership and full rights and privileges thereof.
- 9) A member's shares may be transferred in accordance with Sections 100-104 of the Act by written instrument in such form as may be prescribed, but no transfer shall be registered until such transfer fee as the Board may from time to time fix, not exceeding twenty-five dollars (\$25.00) with a minimum of ten dollars (\$10.00) per transfer, has been paid. Such transfer shall carry dividend credits with it.
- 10) Except with the written approval of the Board, no member may sell or transfer any share if it will reduce his shareholding to less than his liability to the Credit Union as debtor, co-maker or guarantor.
- 11) No share shall be sold or transferred during the first twelve (12) months of a person's membership.
- 12) Before authorizing the sale or transfer of shares of an outgoing member, the Board shall satisfy itself that the Credit Union's assets exceed and will continue to exceed its liabilities in value and that such sale or transfer will be addressed in the order received.

- 13) The Credit Union shall have a lien on the shares, dividend, bonus or any amount outstanding to the credit of a member for any sum due to the Credit Union from the said member or for any advance endorsed by him and may apply any sum outstanding to the credit of the member towards payment of any such debt.
- 14) Where an amount to be paid to a member for dividends and/or bonus is due and payable, the amount shall be credited to the member in such manner as the Board may determine.

8. SAVINGS AND DEPOSITS

- 1) Any single savings or deposit of twenty-seven thousand dollars (EC\$27,000.00) and over, or any lesser amount as may be determined based on the policy, practices, and procedures in place will be accepted from a member or depositor subject to an acceptable written declaration of the source of funds.
- 2) Notwithstanding Bye-Law 8(1) above, the Credit Union will scrutinize all savings and deposits as determined by Anti Money Laundering Legislation or Anti-Terrorist Financing Legislation or any other legislation and may require a subsequent written declaration of source of funds where it deems necessary.
- 3) Savings and deposits may be received in the name of a minor or in trust for a minor, who is a child or ward of a member, in such way or manner as the Board may determine.
- 4) Savings and deposits received in the name of a minor shall be held for the exclusive right and benefit of the minor and free from the control or lien of all other persons except creditors, and shall be paid as follows:
 - a) prior to the minor attaining the age of majority, to the legal guardian; provided that the Credit Union may make payment directly to the beneficiary, if in its opinion a case of hardship exists in relation to the beneficiary; or
 - b) to the beneficiary upon the beneficiary attaining the age of majority.
- 5) Savings or deposits for a term exceeding five (5) years shall require the approval of the Registrar.
- 6) Notwithstanding sub-section 5 above, term deposits may be accepted from a member or non-member for a term not exceeding five (5) years and upon such terms and conditions as set out in the Act.
- 7) The Board shall fix the rate of interest payable on savings and deposits from time to time.

9. PASSBOOKS, RECEIPTS, DISBURSEMENTS AND ELECTRONIC /ONLINE ACCESS

- 1) Shares acquired or transferred, and money paid in or out on account of savings, interest, entrance fees, fines, transfer fees or any other transaction shall be evidenced by an appropriate voucher or receipt. Each voucher or receipt shall identify the person receiving or paying out on behalf of the Credit Union and the money represented thereby.
- 2) When passbooks are used, the member's permanent official record for all transactions shall be the entries in the passbook. The person receiving or paying out the money represented thereby shall initial every entry in the passbook.
- 3) When statements of account are used, the member's permanent official record for transactions shall be the statement of account which will itemize all transactions, and which must be issued to each member at least quarterly.
- 4) In the absence of the passbook or statement of account, the member's permanent official record for transactions shall be a receipt generated electronically or otherwise.
- 5) If a passbook is lost or stolen, immediate notice must be given to the Manager. A written application must be made for the issuance of a duplicate book; the cost of which shall be borne by the member.
- 6) Members shall also have electronic or online access to their account(s) and carry out financial and other transactions through the internet on their smartphone, tablet, computer, or other electronic device which will allow members to carry out a number of tasks such as paying bills and transferring money, without having to visit or call the Credit Union. Where members use electronic or online access to conduct their business Bye-Law 9(4) applies.

10. MEETINGS OF MEMBERS

- 1) The supreme authority of the Credit Union shall be vested in the general meeting of members at which every member has a right to attend and to vote on all matters concerning the business of the Credit Union.
- 2) Meetings of members shall be convened and held in accordance with Sections 38-52 of the Act.
- 3) At least ten (10) days' notice of any general, annual, or special meeting shall be given in accordance with the Act before any such meeting is held.
- 4) General Meetings may be held at any suitable location in the Federation from time to time, at the discretion of and at a place determined by the Board.
- 5) The Annual General Meeting of members shall be held within three (3) months after the end of the financial year unless authorized by the Registrar, upon a

written request by the Board to convene the meeting at a date no later than six (6) months after the end of the financial year.

- 6) The business of the Annual General Meeting shall be conducted in the following order:-
- i) To confirm the minutes of the previous Annual General Meeting and of any intervening Special General Meeting.
 - ii) To receive, consider and, if approved, adopt the Annual Report of the Board for the year ended.
 - iii) To receive, consider and, if approved, adopt the financial statements, together with comparative statements presented by the Board for the year ended.
 - iv) To consider the Report of the Auditor.
 - v) To approve the financial statements and the Auditor's Report or, if accounts are not approved, to cause the Directors to forthwith notify the Auditor of any error or mis-statement.
 - vi) To receive, consider and, if approved, adopt the reports for the year ended of the Credit and Supervisory and Compliance Committees or any other committee appointed by the General Meeting.
 - vii) To allocate the surplus from the preceding year, subject to Section 129 of the Act.
 - viii) To amend, modify or amplify, if necessary, the Bye-Laws of the Credit Union provided that due notice as hereunder provided for shall have been given.
 - ix) To elect Directors, Credit Committee and Supervisory and Compliance Committee members for the ensuing term.
 - x) To appoint auditors for the ensuing year.
 - xi) To hear and decide upon any complaints brought by members aggrieved by a decision of the Board, provided that notice of such complaint to be brought before the meeting had been given to the Secretary in writing within thirty (30) days from the date of notification of the decision.
 - xii) To transact any other appropriate business of the Credit Union.
- 7) A Special Meeting of members may be convened at any time by the Board and on receipt of a demand stating the object of the proposed meeting, signed by at least twenty-five (25) members or fifteen percent (15%) of the membership, whichever is less. It shall be the duty of the Board to convene such meeting

within twenty (20) days of the receipt of the request. The purpose of the Special Meeting shall be set forth in the notice and only such business as is described in the notice shall *be* dealt with at such meeting.

- 8) Notwithstanding Bye-Law 10, sub-section 7, the Board shall, at the request of the Supervisory and Compliance Committee and pursuant to Section 43(1-3) of the Act, convene a Special Meeting of members.
- 9) If the Board fails to convene a meeting within the stipulated time, from the receipt of a demand or a request by members, the Supervisory and Compliance Committee shall have the right to convene the meeting by notice within twenty (20) days after the expiration of the twenty (20) day period referred to in Bye-Law 10, sub-section 7, in accordance with Section 43(3) and 66 of the Act and the Regulations where the meeting is demanded by the members
- 10) The notice referred to in Bye-Law 10, sub-section 9 contains the object of the proposed meeting and a statement to the effect that the meeting is convened on the failure of the Board to convene the meeting as demanded. Any cost incurred in convening the meeting shall be borne by the Credit Union.
- 11) The Supervisory and Compliance Committee may convene a Special General Meeting of the Credit Union in accordance with Section 68(4)(b) of the Act.
- 12) The Registrar may at any time call a special meeting for the purpose of enabling members to secure any information regarding the affairs of the Credit Union that they are entitled to receive and to deal with any matters affecting the Credit Union.
- 13) Notice of any General Meeting or Special General Meeting shall be deemed to have been given, if issued ten (10) days in advance and if issued by any of the following means:
 - (a) a notice published in no less than two (2) issues of a newspaper in circulation in the Federation of St. Christopher and Nevis; and,
 - (b) posting the notice in a place that is prominent and accessible to members; or,
 - (c) use of the electronic media (radio, television, internet, email or otherwise); or,
 - (d) by sending notice by mail to members at addresses in the register of members; or,
 - (e) any other medium in which the notice is likely to receive the attention of the membership.
- 14) The accidental omission to give notice to/or the non-receipt of a notice by any member shall not invalidate the meeting.

- 15) Subject to the Act, Regulations or these Bye-Laws, the Board shall also have discretion to determine whether to hold a Board or Committee meeting as a virtual meeting or a hybrid meeting in place of a physical meeting. To be valid, at a virtual or hybrid meeting, members must be able to participate in the meeting as if they were attending in person. Members must be able to hear the proceedings, speak and be heard at the meeting including the ability to ask questions and vote in real time using ITC or some other online platform.
- 16) A member participating in a virtual or hybrid Board or Committee meeting is deemed to be present at that meeting.
- 17) Where the Board decides to hold a virtual or hybrid Board or Committee meeting, the Notice under Bye-Law 10 must provide clear instructions on how members and participants join the meeting, including submission of documents in advance of the meeting and whether questions should be submitted in advance or during the meeting. The Board shall also develop and circulate with the Notice a Code of Best Practice which should address areas such as engagement with the Board or Chair during the meetings, how questions should be addressed, process for login in, asking questions and voting through e-voting.
- 18) If the virtual or hybrid meeting platform experiences technical difficulties or issues the Board or Chairman may postpone or adjourn the meeting if these difficulties or issues are not resolved in an hour after the difficulties or issues began.

11. QUORUM

- 1) A quorum at any General, Annual or Special General meeting shall be fifty (50) or one-fifth of the registered members present at the commencement of the meeting, whichever is less; provided that when any meeting is summoned by the Registrar, any number of members present at such meetings shall be deemed to form a quorum.
- 2) If within one hour after the time fixed for a meeting convened by the members, the members present are not sufficient to form a quorum, such meeting shall be considered dissolved. In all other cases, except a meeting convened by the Registrar, the meeting shall stand adjourned to a date not more than thirty (30) days thereafter, at a time and place to be determined by the Board. The Board shall then give ten (10) days' notice of the date to reconvene the aborted meeting. If at such adjourned meeting a quorum is not present at the time appointed for the meeting, the members present shall form a quorum.
- 3) Subject to the Act, the Regulations and these Bye-Laws, for the purpose of making decisions concerning the business of the Credit Union, a majority of the members present and casting votes at a meeting shall decide all questions.
- 4) Subject to the Act, the Regulations and these Bye-Laws, for the purpose of making decisions concerning the business of the Credit Union, the Chairman

of the meeting shall have the right to vote and in the event of a tie, shall be entitled to a second or casting vote.

12. ELECTIONS

- 1) The following procedures shall apply to the conduct of elections in keeping with Sections 36-40, 53 and 72 of the Act:
 - (a) Not less than thirty (30) days prior to each Annual General Meeting, the Board shall appoint a Nominating Committee of three (3) persons of which no more than one (1) may be a member of the existing Board.
 - (b) No member of the Nominating Committee shall nominate himself as a candidate for elections.
 - (c) The Nominating Committee shall present its report to the Annual General Meeting. The Nominating Committee shall propose one member for each vacancy to be filled.
 - (d) After the nominations have been placed before the members, the person conducting the elections shall call for nominations from the floor.
 - (e) All elections to the Board shall be by secret ballot in accordance with Section 72 (1)(c) of the Act, where there are more nominations than vacancies. When there are more nominations than vacancies for the other Committees, the members may vote by show of hands or where the majority of the members entitled to vote at a meeting so demand, by secret ballot, in accordance with Section 38 (1) of the Act.
 - (f) Where the number of nominees does not exceed the number of persons to be elected, the person conducting the elections shall declare all the nominees duly elected.
- 2) No member may be elected to the Board, the Credit Committee or the Supervisory and Compliance Committee unless the member: -
 - (a) is at least eighteen (18) years old;
 - (b) is a citizen or resident of St. Christopher and Nevis or a citizen of CARICOM;
 - (c) is not bankrupt;
 - (d) has not been sentenced by a Court in any country for any criminal offence;
 - (e) has been a member of the Credit Union for at least one (1) year;
 - (f) is not an employee or officer of any other credit union or an employee of the regulatory body for either credit unions or small businesses;

- (g) has purchased shares at the time of the election in excess of the minimum entry and ongoing requirement at Bye-law 5(2);
- (h) is not a delinquent borrower and is otherwise in good financial standing; and
- (i) is not involved in any activity which is deemed to bring the Credit Union into disrepute.

13. TENURE OF OFFICE

- 1) Each member shall hold office until his successor is elected and may be eligible for re-election.
- 2) Directors and Committee members may hold office for no more than two (2) consecutive terms or an aggregate of no more than six (6) years before retiring for a minimum of one (1) year before he can be nominated to the Board or a Committee.
- 3) Where persons are to be elected for varying terms, the member receiving the highest or higher number of votes cast is to be declared elected for the longest or longer term.
- 4) Where two (2) or more candidates receive an equal number of votes, the members present may by resolution provide that a second ballot be cast or where the meeting does not decide to hold a second ballot, the Chairman shall draw lots and the candidate whose lot is drawn is to be declared elected for the longest or longer term.
- 5) Where candidates are elected unopposed, at the next meeting of Directors or Committees the incoming Board or Committees shall determine the tenure of office of each candidate.
- 6) Elected officers of the Credit Union shall serve for a term not exceeding three (3) years.

14. TERMINATION OF OFFICE

- 1) Any member of the Board, Supervisory and Compliance or Credit Committee shall be deemed in the opinion of the Board to have vacated that office if the member: -
 - (a) resigns by giving notice to the Board, or, to the relevant Committee;
 - (b) applies for bankruptcy or is declared bankrupt by a Court of competent jurisdiction;

- (c) becomes of unsound mind and has been so found by a Court of competent jurisdiction;
 - (d) is convicted of any criminal offence involving dishonesty.
 - (e) fails to attend three consecutive regular meetings without a valid written excuse;
 - (f) is guilty of any other action which would bring the Credit Union into disrepute; or
 - (g) fails to undergo the required training provided by the Credit Union in relation to the performance and duties of elected members.
- (2) Any member of the Board of Directors or other Committees may be removed from office before the expiration of his term or the period of office by a two-third (2/3) majority of the members present at a Special General Meeting at which at least ten (10) days' notice has been given specifying the proposed resolution to be passed.
- (3) Any such member or officer, whose removal from office is contemplated, must be informed in writing of the charges against him at the time of the notice and at such meeting, shall have reasonable opportunity to answer such charges. At such a meeting the members shall proceed to the election of a new Board, Credit Committee or Supervisory and Compliance Committee or to fill any ensuing vacancy. Any member so appointed shall be subject to retirement at the same time as if he had become a member of the Board, Credit or Supervisory and Compliance Committee on the date or period in which the member in whose place he is appointed was last elected to the Board or the Committee.

15. BOARD OF DIRECTORS

- 1) Subject to the provisions of the Act and the Regulations, the general direction, control and management of the Credit Union shall be entrusted to the Board.
- 2) The Board shall be elected at the Annual General Meeting and shall consist of nine (9) elected members.
- 3) The Board shall direct and control the affairs of the Credit Union and shall act for and on behalf of the Credit Union and be responsible for the general development and performance of the Credit Union in execution of the following duties: -
 - a) to review applications for membership of the Credit Union where necessary and adjudicate on the exclusion or expulsion of members;
 - b) to determine from time to time the maximum amount to be advanced on loans with or without security and to determine the interest rates on loans. When by

action of the Board, the interest rates on future loans are reduced, similar action may be taken with regard to interest rates on unpaid balances of existing loans;

- c) to ensure that arrangements are in place by the Manager for the deposit of all funds of the Credit Union into its Bank Account at latest the day after they are collected, unless the collection takes place on a Saturday or any day preceding a holiday.
 - d) to make adequate arrangements for the safe keeping of funds of the Credit Union until they are deposited in the bank or other financial institution;
 - e) to fix, from time to time, subject to the approval of the Registrar, the amount of fidelity insurance which shall be required of all officers and employees handling money and shall authorize the payment of the premium or premiums therefor by the Credit Union;
 - f) to recommend dividends, to determine the rate of interest on deposits, and to recommend amendments to the Bye-Laws;
 - g) to fill vacancies which may arise prior to an Annual General Meeting on the Board of Directors and the Credit Committee;
 - h) to authorize and supervise investments of the Credit Union other than loans to members;
 - i) to appoint the person with whom the Treasurer shall have joint control of the securities;
 - j) to appoint a Compliance Officer pursuant to Section 67 of the Act;
 - k) to employ, fix the compensation and prescribe the duties of such employees as may in their discretion be necessary;
 - l) to make, ratify and implement policies for the efficient functioning of the Credit Union.
- 4) The Board shall meet as often as the business of the Credit Union may require, but no less than once per month. Due notice of such meetings shall be given to the Directors by the Secretary.
- 5) A simple majority of Directors shall constitute a quorum of the Board.
- 6) Where there are vacancies on the Board and there is a quorum of Directors, the remaining Directors may exercise all the powers of the Directors or fill the vacancies until the next Annual General Meeting.
- 7) Where the membership of the Board falls below the minimum required for a quorum, the remaining Directors shall call a Special General Meeting for the purpose of electing members to fill such vacancies.

- 8) Where there are no Directors, twenty-five (25) members or one-fifth (1/5) of the membership whichever is less, may appoint in writing, at least five (5) persons as Directors for the purpose of calling a Special General Meeting to elect members to fill the vacancies.
- 9) Subject to Sections 53 and 54 of the Act, the Board may appoint from among its numbers any Committee that it considers necessary and may by resolution delegate to any such Committee such powers that it considers necessary for the efficient conduct of the affairs and business of the Credit Union.
- 10) A Committee appointed by the Board that has specific powers delegated to it, subject to Sections 57 and 58 of the Act and these Bye-Laws, must consist of at least one (1) Director and shall exercise these powers consistent with the Act as designated by the Board. The Committee must keep minutes of all meetings held.
- 11) A Director, officer or employee of the Credit Union who is a party to a contract or proposed contract with the Credit Union shall disclose in writing to the Credit Union or request to have entered in the minutes of meetings of Directors, the nature and extent of his interest.
- 12) The disclosure required by Bye-Law 15(11) above, must be made in compliance with Sections 81(2) and 82 of the Act.
- 13) In accordance with Section 82 of the Act, a Director shall not take part in discussions to consider or vote on a resolution to approve a contract in which he has a personal or pecuniary interest.
- 14) A contract approved by the Directors or members in which a Director or officer disclosed a material interest which was reasonable and fair to the Credit Union at the time it was approved, is neither void or voidable by reason only of the relationship, or by reason only that a Director with an interest in the contract is present at, or is counted to determine the presence of a quorum at a meeting of Directors or a Committee appointed by the Board that authorized the contract.
- 15) In keeping with Bye-Law 5 (4), the Board may borrow from any source and on such security and terms of repayment as it considers fit, provided that the total amount borrowed does not exceed the aggregate of four (4) times the retained earnings and reserves of the Credit Union and is within the maximum liability limit which was fixed by a resolution of members at a General Meeting and approved by the Registrar. The Credit Union must ensure that its Statutory Reserves and other reserves are at no stage less than ten per cent (10%) of its total liabilities in accordance with Section 125(3) of the Act.
- 16) At the first meeting of the Board, which shall be held within ten (10) days of the Annual General Meeting or Special Meeting at which the election of directors occurred, the officers shall elect from among themselves, a President, a Vice President, a Secretary and a Treasurer who shall constitute the executive of the Board.

17) Duties of Members of the Executive Board shall be as follows: -

a) **President** - The duties of the President shall be: -

- i) To preside at meetings of the members and of the Board;
- ii) To sign and execute jointly with the Secretary, all deeds, and conveyances of real or personal property and such other documents as the Board may specify;
- iii) To perform such other duties as customarily appertain to the office of the President or as he may be directed to perform by resolution of the Board which shall not be inconsistent with the Act, the Regulations and these Bye-Laws; and
- iv) To perform such other duties as the Act and Regulations may require to be performed as the President of the Board.

b) **Vice President**

- i) The Vice President shall, in 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 may from time to time prescribe.

c) **Secretary - The duties of the Secretary shall be: -**

- i) To attend meetings of the Board, General and Special Meetings of the Credit Union;
- ii) To keep minutes of meetings of the Board or the Credit Union;
- iii) To conduct any correspondence on behalf of the Credit Union;
- iv) To keep charge of all records, books, papers and other documents of the Credit Union;
- v) To issue notices for all meetings of the Board and general membership of the Credit Union, in accordance with the Regulations and Bye-Laws of the Credit Union;
- vi) To sign and execute jointly with the President, all deeds and conveyances of real or personal property and such other documents as the Board may specify; and
- vii) To perform such other duties as are prescribed by the Bye-Laws or as directed by resolution of the Board, which are not inconsistent with the Act and these By- Laws.

d) **Treasurer** – Subject to such limitations and control as may be imposed by the Board, the duties of the Treasurer shall be: -

- i) To receive all monies due and payable to the Credit Union and issue receipts for the same;
- ii) To deposit all monies received in the name of the Credit Union in such bank or depository as specified by the Board;
- iii) To sign all cheques, notes, bills of exchange and other documents necessary to effect the business of the Credit Union;
- iv) To record all transactions effected by the Credit Union in the books provided for the purpose;
- v) To keep charge of all documents, books and vouchers for all payments made, and receipts issued on behalf of the Credit Union;
- vi) To present to the Board of Directors monthly unaudited financial statements and prudential results in accordance with the P-E-A-R-L-S Standards produced by the World Council of Credit Unions;
- vii) To prepare the annual statements of account, balance sheet; monthly financial statements and other statements as the Board may request;
- viii) To prepare and forward to the Registrar such financial and other reports as may be required;
- ix) To keep separate accounts of all monies belonging to the Credit Union;
- x) To produce a current statement of the Credit Union's monies held on demand;
- xi) To make payments as authorized by the Board and obtain receipts for same;
- xii) To ensure that all promissory notes, drafts, negotiable instruments drawn in favour of the Credit Union are properly prepared; and
- xiii) To perform such other duties pertaining to the office of Treasurer.

18) The Board shall employ a **Manager** and shall authorize him/her or another senior employee to perform, or generally assist with any of the duties assigned to the Treasurer and Secretary, including the signing of cheques, security of all documents, receipts and management of the Credit Union's Financial Accounts.

- 19) A meeting of officers, members of the Board, Credit Committee and Supervisory and Compliance Committees shall be held no less than once per quarter, to track results, review performance, share concerns and to plan improvements. The Secretary of the Board shall be responsible for ensuring these meetings are convened.

16. CREDIT COMMITTEE

- 1) The Credit Committee shall be elected at the Annual General Meeting and shall consist of a minimum of five (5) members, none of whom shall be a member of the Board, or the Supervisory and Compliance Committee or an officer of the Credit Union:
- 2) In addition to Bye-Law 12(2), a member of the Credit Committee shall be deemed to have vacated his office if he fails to perform any of the duties allotted to him as a member of that Committee or fails to attend three consecutive meeting without a reasonable excuse accepted pursuant to Section 64 of the Act;
- 3) The Credit Committee may be removed from office by a special resolution made at a General or Special General Meeting called for that purpose if it fails to submit a report to the Board pursuant to Section 62(2) of the Act;
- 4) The Credit Committee shall meet as often as deemed necessary but not less than monthly pursuant to Section 62(1)(a).
- 5) The Board may fill any vacancy on the Credit Committee, but such member shall hold office only until the next Annual General Meeting at which such member or another member may be elected to fill the vacancy for the un-expired term of the member who was initially elected.
- 6) The Credit Committee shall choose from among their members a Chairman and a Secretary. The same person shall not hold these two offices at any one time.
- 7) The Secretary of the Credit Committee shall prepare and maintain full and correct records of all actions taken by the Committee and shall submit a monthly report to the Board pursuant to Section 62(1)(c) of the Act. The report shall state as follows:
 - i) The number of loan applications received;
 - ii) The number and category of loans granted;
 - iii) The security obtained, if any, for such loans;
 - iv) The applications denied;
 - v) The number and amount of delinquent loans;
 - vi) The loan recovery rate;

- vii) The results of action or actions taken to follow-up delinquent loans;
 - viii) The number and value of bad loans requiring provisioning and write-offs;
 - ix) The quality of the loans considered and the professionalism of the staff in the management of the loans' portfolio.
- 8) The Credit Committee shall submit an annual report on the matters referred to in 62(1)(c) of the Act, and on the loan portfolio quality and trends, to the annual meeting of the credit union, in accordance with Section 62(1)(d) of the Act.
- 9) The Credit Committee shall hold such meetings as the business of the credit union may require. Due notice of such meetings shall be given to the other members of the Committee by the Secretary.
- 10) A majority of members of the Credit Committee constitutes a quorum.
- 11) Subject to the Act, Regulations or these Bye-Laws, the Credit Committee shall also have discretion to determine whether to hold a meeting as a virtual meeting or a hybrid meeting in place of a physical meeting. To be valid, at a virtual or hybrid meeting, Committee members must be able to participate in the meeting as if they were attending in person. Members must be able to hear the proceedings, speak and be heard at the meeting including the ability to ask questions and vote in real time using ITC or some other online platform.
- 12) A member participating in a virtual or hybrid meeting is deemed to be present at that meeting.
- 13) Where the Credit Committee decides to hold a virtual or hybrid meeting, the notice of meeting must provide clear instructions on how members and participants join the meeting, including submission of documents in advance of the meeting and whether questions should be submitted in advance or during the meeting. The Code of Best Practice developed by the Board under Bye-Law 10 (17) should be adopted.
- 14) If the virtual or hybrid meeting platform experiences technical difficulties or issues the Chairman may postpone or adjourn the meeting if these difficulties or issues are not resolved in an hour after the difficulties or issues began.
- 15) The Credit Committee shall consider all applications for loans over one hundred thousand Eastern Caribbean dollars or over such other sum as the Board may determine, make recommendations when necessary to the Board in respect of the applications and shall, subject to the authorization

of the Board, approve loans to members upon such terms and conditions as specified by the Board:

- a) The Board may, by resolution, delegate to the Manager or other employees, the power to approve loans to members on such terms and conditions as the Board may specify;
- b) Any person authorized by the Board to approve loans shall submit a written monthly report to the Credit Committee stating the number of applications received, the number of loans granted, and the security obtained, if any, and the number of loans denied. Such report shall become a part of the records of the Credit Committee;
- c) No individual shall have authority to disburse funds of the Credit Union for any loan, which has been approved by himself.

16) The Credit Committee and the Loans Officer shall carefully inquire into the character, financial condition and sureties of each applicant for a loan to ascertain the ability of the member to repay fully and promptly any obligation incurred by, and to determine whether the loan sought is for a provident or productive purpose and will be of profitable benefit to the applicant. The Loans Officer shall endeavour to assist applicants with alternatives if their applications are unsound.

17) Subject to the Section 61 of the Act, no loan shall be made unless approved by the Credit Committee, by the Sub-Committee of the Board or by any individual authorized by the Board in its Loans and Collections Policy to approve loans to members.

18) Subject to Section 121 of the Act:

- a) A Sub-Committee of the Board comprising no less than three (3) members shall convene a meeting if a Director, Credit Committee member, Supervisory and Compliance Committee member or employee requires a loan in excess of his total holdings in shares, deposits and accumulated earnings, or if a loan is referred to it by the Credit Committee.
- b) No member of the Credit Committee, the Board, the Supervisory and Compliance Committee or any employee shall be present at the discussion for the approval of, or to approve a loan to himself or to a person for whom he is proposed as surety or any other person with whom he has a fiduciary relationship.

19) When more loan applications are pending than can be granted disbursement with the available funds, preference shall be given in all cases, to applications for smaller loans, if the need and credit factors are nearly equal.

- 20) An applicant shall be informed whether or not his application has been granted within seven days of the decision being made.

17. SUPERVISORY AND COMPLIANCE COMMITTEE

- 1) The Supervisory and Compliance Committee shall be elected at the Annual General Meeting and shall consist of a minimum of five (5) members, none of whom shall be a member of the Board, the Credit Committee, or an employee of the Credit Union or another similar Society.
- 2) In addition to the provisions of Bye-Law 12 (2), (a) to (h) any member of the Supervisory and Compliance Committee shall be deemed to have vacated his office if he fails to perform any of the duties allotted to him as a member of that Committee or fails to attend three consecutive meetings of the Committee without a reasonable excuse accepted;
- 3) Any vacancy on the Supervisory and Compliance Committee may be filled by the remaining members of the Committee who may appoint a qualified member until the next Annual General Meeting at which time such member may be elected to fill the unexpired term of the member who was initially elected.
- 4) The Supervisory and Compliance Committee shall choose from among its members a Chairman and a Secretary. The same person shall not hold these two offices at any one time.
- 5) The Supervisory and Compliance Committee shall meet at least once a month to:
 - a) examine the books of the Credit Union;
 - b) scrutinize and appraise the policies and operating procedures and, wherever necessary, to make recommendations to the Board and the Credit Committee;
 - c) confirm the cash instruments, property and securities of the Credit Union;
 - d) confirm the shares, deposits and other balances or holdings of members;
 - e) monitor the management of the Credit Union;
 - f) liaise with the internal auditor;
 - g) liaise with the external auditor;
 - h) audit the functions of management and staff;
 - i) audit the asset-liability management and liquidity of the credit union;
 - j) pay particular attention to the risk management of the credit union;
 - k) verify the assets of the Credit Union and monitor whether the assets are properly protected;

- l) receive and investigate any complaints made by any members affecting the proper management of the Credit Union;
 - m) at least once a year cause a random sample of the pass books and accounts of members to be verified with the records of the Credit Union; and
 - n) ensure that all advances, loans, deposits, other transactions and other decisions involving Directors, Committee members and employees are in compliance with the Act, Regulations, Bye-Laws and Policies of the Credit Union.
- 6) The Secretary shall give due notice of meetings to all members of the Supervisory and Compliance Committee. A majority of the members of the Committee shall constitute a quorum.
- 7) Subject to the Act, Regulations or these Bye-Laws, the Supervisory and Compliance Committee shall also have discretion to determine whether to hold a meeting as a virtual meeting or a hybrid meeting in place of a physical meeting. To be valid, at a virtual or hybrid meeting, Committee members must be able to participate in the meeting as if they were attending in person. Members must be able to hear the proceedings, speak and be heard at the meeting including the ability to ask questions and vote in real time using ITC or some other online platform.
- 8) A member participating in a virtual or hybrid meeting is deemed to be present at that meeting.
- 9) Where the Supervisory and Compliance Committee decides to hold a virtual or hybrid meeting, the notice of meeting must provide clear instructions on how members and participants join the meeting, including submission of documents in advance of the meeting and whether questions should be submitted in advance or during the meeting. The Code of Best Practice developed by the Board under Bye-Law 10 (17) should be adopted.
- 10) If the virtual or hybrid meeting platform experiences technical difficulties or issues the Chairman may postpone or adjourn the meeting if these difficulties or issues are not resolved in an hour after the difficulties or issues began.
- 11) In the process of their examination, the Supervisory and Compliance Committee shall:
- a) scrutinize applications for loans made during the period and satisfy itself that for each loan granted, an application is on file and that each application states the purpose for which the loan was approved, the description of the security offered, if any, and that it bears the signatures of approval of the Credit or Sub-Committee of the Board; and
 - b) examine loan contracts and satisfy itself that each contract is properly completed and signed by the borrower.
- 12) The Supervisory and Compliance Committee shall keep minutes of its meetings and shall report in accordance with Section 67(2) of the Act as follows:

- a) within seven days (7) of each meeting report on the results in writing thereof to the Board; and
 - b) submit a written report to the Annual General Meeting of the Credit Union.
- 13) In furtherance of the role of the Supervisory and Compliance Committee, and on request by the Supervisory and Compliance Committee, the Board shall assign the requested duties or services of, the Internal Auditor, to any member of staff of the Credit Union, contracted individual or company, to work on or conduct special assignments or projects, and the outcome and/or report of any such assignment or project shall be forwarded to the Supervisory and Compliance Committee for formal presentation to the necessary authority or authorities, as the case may be, that may be necessitated by results of such assignment or project.
- 14) If in the opinion of the Supervisory and Compliance Committee, the Board, the Credit Committee or any member thereof or any officer or employee of the Credit Union is guilty of a flagrant violation of the provisions of the Act, Regulations or the Bye-Laws or any mis-conduct or malpractice or mis-appropriation or mis-direction of the funds, securities or other property of the Credit Union, the Supervisory and Compliance Committee shall forthwith inform the Registrar in writing.
- 15) At such Special Meeting, consequential to Bye-Law 17(10) above, such person may be removed or reinstated as provided in Section 68 of the Act.

18. COMPLIANCE OFFICER

- 1) The Board shall appoint a senior qualified professional to monitor and periodically report to the supervisory and compliance committee and the Board on the levels of awareness, adherence and compliance in the internal operations of the Credit Union.
- 2) The Compliance Officer shall track gaps and improvements in compliance with the Act, other applicable legislation, standards, and best practices in keeping with legislation and guidelines in force or relating to anti-money laundering, counter proliferation of financing and combatting terrorist financing.

19. ELECTRONIC VOTING OR E-VOTING

- 1) Subject to the Act, or the Bye-laws with respect to the methods permitted for casting a vote, votes for all questions proposed for consideration at a meeting or election may be cast by telephonic or electronic means if the Board or Chairman makes available to the voting members a medium by which members are able to cast a recorded vote by telephonic or electronic means (the “**e-voting system**”).

- 2) Votes cast by electronic voting shall be deemed a ballot (the “**e-ballot**”) for the purpose of any vote conducted at the meeting at which the e-ballot was cast.
- 3) The e-voting system shall set forth each question proposed for consideration that will be the subject of a vote at a meeting or election including the opportunity to abstain, vote in favour of or against each question and/or in favour of each candidate for election to the Board or Committee.
- 4) The e-ballot is valid only for one meeting and expires automatically after the completion of the meeting.
- 5) Only a qualified voting member may cast an e-ballot and the e-voting system does not authorize another person to cast votes on behalf of a member.
- 6) The e-voting system must engage a four-step process of registration, verification, identification and activation. The e-voting system shall authenticate the voter’s identity and the validity of each electronic vote to ensure that the vote is not altered in transit. The e-voting system shall produce an electronic receipt for each voter who casts an e-ballot, which shall include the specific vote cast, unless the vote is by secret ballot, and the date and time of submission (the “**Receipt**”). The e-voting system must retain an electronic record of the time and date an owner casts the e-ballot.
- 7) An electronic report automatically generated by the e-voting system which tabulates votes may be relied upon and counted by the scrutineers, person conducting the elections and/or chairperson at a meeting for the purpose of tabulating votes for all questions proposed for consideration at the meeting (the “**Electronic Voting Record**”).
- 8) The e-ballot shall be counted towards quorum as if a member was present at the meeting.

20. LOANS

- 1) Loans shall be made to members only, and for provident or productive purposes. The borrowing members shall apply all loans to such purpose as approved. Loans made by the Credit Union shall be approved in accordance with policies established by the Credit Union, the Act, Regulations and these Bye-Laws before any funds are advanced.
- 2) The limits on the amount of loans made by a Credit Union shall be in accordance with section 121 of the Act.
- 3) The terms and conditions on which loans may be made to members shall be fixed in the Loan Policy from time to time by the Board, provided always that in no case shall a sum be lent to any member greater than either:

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- c) ten percent (10%) of the aggregate of the Credit Union's share capital, retained earnings and reserves; or
- d) the aggregate of the members' ordinary deposits and the Credit Union's reserves.

whichever is less.

- 4) The Board shall fix the rates of interest on loans from time to time and the interest payable on loans shall be calculated on the monthly reducing balance.
- 5) No loan shall be made to a member who is in arrears of the payment of a current loan or installment thereon or is otherwise a defaulter.
- 6) A member who wishes to obtain a loan shall submit an application on the forms provided by the Credit Union and shall state the amount, the term and the purpose for which the loan is required. The member should also state how the loan is to be repaid (generally by installments), the name of proposed sureties or any other security to be offered and such other information as may be required.
- 7) The Credit Committee shall conduct the following functions at all meetings:
 - i) Consider at a meeting every application for a loan over one hundred thousand dollars Eastern Caribbean dollars or such amount as the Board may determine, and if the Committee is satisfied with the trustworthiness of the applicant, the sufficiency of the security offered and the prospects of advantage to the borrower by way of increased production, economy or other benefits, it may, if authorized by the Board Policy, approve the loan or shall, if not authorized, recommend any approval as required of the loan to the Board.
 - ii) No person other than the elected members of the Credit Committee, the Manager and required technical staff shall be present at any meeting of the Committee when an application for a loan is under consideration.
 - iii) In furtherance of Section 80 of the Act, the proceedings or documentation presented with regard to the application for loans at the Credit Committee meetings or Loan Officers' meetings shall be kept secret. Any member of the Committee or officer of the Credit Union infringing this Bye-Law shall be liable to immediate expulsion or dismissal.

- 8) Loans shall be granted subject to such security and other conditions as the Credit Committee, or the Loans Officer may require.
- 9) When a loan is approved by the Credit Committee or Loans Officer, a notice shall be sent to the borrower to that effect and before the amount is advanced, the borrower and his sureties shall execute an instrument in writing, setting out the terms of repayment of the loan and containing such other terms and conditions as the Credit Committee or Loans Officer may consider necessary.
- 10) Where a loan is not approved, the Credit Union shall inform the member within seven (7) days.
- 11) On any business day a member may repay his loan prior to maturity in whole or in part, without early payment penalty.
- 12) If a member fails to pay an installment of a loan within the specified due date, the whole amount or balance of the loan then owing shall immediately become due and payable.
- 13) When a member is in default in the payment of a loan or fails to pay an installment of a loan and does not satisfy the Board that such default is due to good reason, such a member shall not be entitled to receive another loan from the Credit Union.
- 14) If by reason of sickness, disaster or some other cause, a member is unable to discharge his obligations to the Credit Union, and promptly notifies the Credit Union in writing before the loan payment is due, the Credit Union may extend the time fixed for payment on such conditions as appropriate.
- 15) Where the Board is satisfied that a member of the Credit Union who has obtained a loan has applied the proceeds thereof to a purpose other than the purpose which is stated in the application or that the facts stated in the loan application were misrepresented, the Board may by notice in writing to the debtor demand payment of the loan before the agreed date of payment and upon such demand the loan shall become immediately due and payable.
- 16) Where a loan or an installment of a loan has not been paid on the date on which it became due and no extension for the payment thereof has been given to the debtor by the Board, under Bye-Law 20(14); or where a loan has been made to a Director or Officer of the Credit Union in contravention of Sections 121(3) to 121(5) of the Act the Board shall take steps for the recovery of the same through the following action: -
 - a) apply any monies standing to the credit of the member towards the payment of the debt;
 - b) refer the matter to the Registrar, pursuant to Section 194(1) of the Act;

c) exercise any rights arising by law pursuant to Sections 106 and 194(7) of the Act: or

d) take any other action which the Board may deem necessary.

17) For purposes of Bye-Law 20(16), interest shall be deemed to be part of an installment of a loan, but unless otherwise provided in the instrument required under Bye-Law 20(8), an installment shall not be deemed to be due unless it is one (1) month in arrears.

21. DELINQUENT LOANS

In addition to the ongoing tracking, follow-up, provisioning for and write-offs of all bad and doubtful loans by the Manager and the Credit Committee in keeping with the Regulations and the P-E-A-R-L-S Standards and/or such other International Credit Union and Safety and Soundness Principles or standards guidelines prescribed by the Registrar of Credit Unions under Section 201(2) of the Act. at the end of each financial year the Board shall cause a list of all delinquent loans to be made available at the registered office of the Credit Union for any examination required by the Credit Committee, the Supervisory and Compliance Committee and the Auditor. The Board shall also send a copy of that list to the Registrar.

22. LIQUIDITY

- 1) The Credit Union shall at all times keep such proportion of its total assets in liquid form as prescribed by the Regulations, by ensuring that not less than fifteen percent (15%) or such greater percentage as may be specified by the Registrar from time to time, of its members unencumbered deposits and other short-term liabilities, are maintained in a liquidity reserve as provided in Section 200 of the Act.
- 2) In accordance with Section 200 (3) of the Act, and subject to the establishment and maintenance of its statutory reserve under section 125(1)(b) of the Act, the Credit Union shall not capitalize its statutory reserves by way of bonus shares or distribute it by way of dividends.
- 3) Despite the provisions of section 125(1)(b), which requires the Credit Union to establish and maintain a statutory reserve, whenever the Board so recommends to the members, a majority of the members present and voting at a General Meeting by resolution may approve
 - a) that the allocation its statutory reserve may be increased; or
 - b) if its statutory reserve es at the end of the financial year in question equal or exceed ten per cent (10%) of assets, the allocation may be reduced.

23. DISTRIBUTION OF SURPLUS (Reserves, Dividends, Development Fund, Charities)

The net surplus of the Credit Union shall be appropriated by Resolution of the Annual General Meeting, provided that

- 1) After providing for all necessary charges, after making due allowance for depreciation, bad and doubtful debts, and after retiring all or any part of a deficit it has previously incurred, in pursuance to the provisions of Section 125(4) of the Act, the Credit Union shall create a Statutory Reserve into which at least twenty-five percent (25%) of the net surplus before dividends shall be placed, until the Statutory Reserve equals ten percent (10 %) of the total assets of the Credit Union. All entrance, transfer, and other fees and fines shall also be carried to such Reserve.
- 2) The Statutory Reserve shall be kept intact and shall not be used or applied, except as provided in Section 125 (4) of the Act.
- 3) At no time shall the aggregate of the Statutory Reserve, Other Reserves and Retained Earnings, as the institutional capital, be less than ten percent (10%) of the total assets owned by the Credit Union.

Members at an Annual General Meeting may declare dividends out of the surplus at a rate proposed by the Board, after setting aside the prescribed reserves, and retiring all or any part of a deficit it has previously incurred.

A dividend shall be paid only on the shares that were standing in the name of each member on the last day of the period covered by the accounts and that were fully paid up before and during the said period.

- 4) Where the dividend and/or bonus are payable to a member in any financial year that amount shall be credited in a manner to be determined by the Board.
- 5) The Credit Union, after making the prescribed payments to its statutory reserve and development fund, may pursuant to Section 128 contribute to any non-profit, charitable, benevolent, community, co-operative or cultural improvement purpose.

24. PURCHASE AND COMPULSORY ACQUISITION OF SHARES

- 1) Subject to Section 115 of the Act, the Credit Union may purchase or otherwise acquire any of its shares that are
 - (a) available for compulsory purchase under section 119; or
 - (b) are offered for sale.

- 2) The Credit Union shall pay in cash to the member's account within one year of the date of purchase, for any shares purchased under Section 117(1) of the Act.
- 3) The Credit Union shall pay a purchase price for a share purchased or acquired under Bye-Law 24 (1) equal to the par value of the share together with any dividends declared but unpaid with respect to the share.
- 4) Where the Board is of the opinion that the purchase or acquisition of shares under Sections 117 or 119 of the Act would impair the financial stability of the Credit Union or would be contrary to the interest of the remaining members, the Board may suspend the purchasing or acquisition of the shares.

25. INVESTMENT OF FUNDS

- 1) The Credit Union shall invest its funds as provided by Section 120 of the Act and mindful of the P-E-A-R-L-S Standards.
- 2) In pursuit of section 126 of the Act, the Credit Union shall establish and maintain a Development Fund. The proceeds of this fund shall be invested or caused to be invested in activities including (a) member education, (b) leadership development, (c) professional development of staff, management, and volunteers, and (d) improvements in the good governance, risk-based management and savings mobilization component of the Credit Union. The fund shall be administered by the National League or by such person or body of persons as determine by the Registrar if the League is not functioning.

26. SOCIAL SECURITY

The Credit Union shall make deductions from the wages and salaries paid to employees according to the rate fixed by the Social Security Scheme and shall pay over to the Scheme the amounts so deducted together with amounts fixed as the employer's contribution for each employee, in the form and manner prescribed by the said Scheme.

27. BANKING ACCOUNT

The Board shall select one or more reputable financial institutions in which the bank account(s) of the Credit Union shall be kept. All cheques shall be signed and endorsed on behalf of the Credit Union by two signatories as authorized by the Board.

28. ANNUAL ACCOUNTS, REPORTS AND AUDITS

The Board shall comply with the provisions of Part VIII of the Act and shall:

- a) cause the books of the Credit Union to be audited annually;

- b) approve the financial statements of the Credit Union and place the comparative financial statements before the members at every Annual General Meeting; and
- c) send a copy of the financial statements to the Registrar within 30 days after the date of the Annual General Meeting in accordance with Section 147 of the Act.

29. FINANCIAL YEAR

The financial year of the Credit Union shall end on December 31.

30. SEAL AND EXECUTION OF DOCUMENTS

The Board shall adopt for the use of the Credit Union, a distinctive seal bearing the name of the Credit Union inscribed thereon. The seal shall not be affixed to any instrument except by the authority of a resolution of the Board.

- 1) Any instrument required to be signed on behalf of the Credit Union shall be duly executed if signed by at least one (1) member of the Board together with the Secretary or Treasurer or any other two persons duly authorized by the Board.
- 2) A contract or instrument of agreement entered on behalf of the Credit Union by a Director, Officer or Agent will not be invalid by reason only that the Credit Union's seal is not affixed to it.
- 3) Electronic signature or a signature in electronic or digital form may, on the approval of the Board and pursuant to the Electronic Transaction Act Cap 18.44 and its amendments and regulations, be incorporated and used for the execution of documents for and on behalf of the Credit Union.

31. RECORDS AND FORMS

The Credit Union shall keep the following records and forms:

- i) a register of members;
- ii) a personal ledger for each member;
- iii) a register of loans;
- iv) fixed asset register;
- v) a general ledger;
- vi) a file containing the Act, Regulations and the Bye-Laws of the Credit Union;

- vii) separate minute books for meetings of the Board, the Credit Committee, the Supervisory and Compliance Committee and any Sub-Committee appointed by the Board and meetings of members;
- viii) the manual of approved policies and procedures;
- ix) a schedule of current fees and charges;
- x) a list of securities;
- xi) forms for deposit and withdrawal, loan application and loan agreement;
- xii) any other applicable forms; and
- xiii) or records listed in Section 21 (2) of the Act.

32. INSPECTION OF RECORDS

- 1) In compliance with the Act, the corporate records of the Credit Union, as stated in Sections 21(2) (a) to (h) and the returns specified in 147 of the Act, shall be opened during the normal business hours of the Credit Union, for the inspection by any member having an interest in the funds of the Credit Union at all reasonable times.
- 2) No person other than the member himself, his duly appointed agent or legal representative, a member of the Board, the Credit Committee or the Supervisory and Compliance Committee, the Auditor or the Registrar, his staff or anyone appointed by him shall be allowed to see the personal account, loan agreement or pass book or the register or papers relating to the loan of any other member without the consent of such member in writing with the exception of anyone bearing a Court Order or any legal body authorized by law permitting such inspection.

33. DISPUTES

All disputes shall be determined in accordance with the provisions of Sections 194 to 197 of the Act.

34. DISSOLUTION

- 1) The Credit Union may be dissolved by a resolution of three-fourths (3/4) of the members, but only in the manner provided for in Sections 164 to 185 of the Act.
- 2) In the event of dissolution, the funds of the Credit Union shall be distributed in accordance with Section 178 of the Act. However, after the satisfaction of all debts and liabilities and having discounted any related losses, any property

and funds remaining from the predecessor Foundation for National Development (St. Kitts- Nevis) Limited shall not be paid or distributed among the members of the Credit Union but shall be given or transferred to one or more self-sustainable, non-profit societies, foundations or charities having objects similar to this Credit Union or the predecessor Foundation, and which shall prohibit the distribution of such property and funds among its members.

35. AMENDMENT TO THE BYE-LAWS

- 1) These Bye-Laws may be amended or repealed from time to time in accordance with the provisions of Sections 13, 51 and 52 of the Act and these Bye-Laws.
- 2) No part of the Bye-Laws of the Credit Union may be amended, rescinded, or altered except at an Annual General Meeting or Special General Meeting of the Credit Union called for that purpose.
- 3) Notice of any proposed alteration to the Bye-Laws shall be included on the agenda of an Annual General Meeting or Special General Meeting. The proposed amendments to the Bye-Laws of the Credit Union shall be given together with the notice for the Annual General Meeting or Special General Meeting.
- 4) Notice from members of the Credit Union for any proposed alteration to the Bye-Laws to be included on the agenda of any subsequent Annual General Meeting or Special General Meeting, shall be sent in writing to the Secretary of the Credit Union before the expiration of six [6] months following the convening of the last Annual General Meeting.
- 5) No alterations of these Bye-Laws shall have effect unless it is passed by a three-fourths majority of those present and voting.
- 6) Any subsequent change to the Bye-Laws of the Credit Union as originally approved or consented to by the Registrar shall be communicated to him within thirty (30) days following the meeting at which amendments to the Bye-Laws were approved. The President and the Secretary of the Credit Union must certify all documents as true and correct.

[illegible]