Scottish Police
Credit Union Limited
Serving The Police Family

Motion to Change

CHANGES TO SCOTTISH POLICE CREDIT UNION RULES 2025

9TH DECEMBER 2025

Presented to the Scottish Police Credit Union Limited Annual General Meeting 2025

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority: No.213597

Motion: To change the rules set out below in order to:

1. Simplify and provide for better governance around the expulsion and/or suspension of a member.
2. Amend the classification of Directors, the election of office bearers and the commencement of appointments to the board .
3. To remove withdrawal restrictions which are no longer relevant.
4. Update the composition of the Nominations Committee and the roles of its members.
5. Allow the approval of all payments for any social, cultural or charitable purpose to be decided by the board.

We require the membership to vote at our Annual General Meeting on the motion above. The following existing rules require to be deleted or amended and replaced with the proposed new rule wording to allow the motion to be implemented.

Existing Rule	Explanation	Proposed New Rule Wording
2.5 Junior Savers	Additional information around membership rights on conversion to full membership at age 16 at 2.6.6 The renumbering of the Rule 2.5 to 2.6	**2.6 Junior Savers** **2.6.1** Junior Savers are account holders who are under the age of 16. The credit union may take deposits from a person who would otherwise qualify for membership of the credit union according to **Rule 2.1**, but is under the age at which, defined in **Rule 2.5**, they may become a member. **2.6.2** Junior Savers are not "Members" of the Credit Union as defined by **Rule 2.4**, do not hold shares in the Credit Union and do not share in the risks and rewards of ownership. **2.6.3** Junior Savers receive interest on their deposits at a rate as determined from time to time by the Board of Directors. **2.6.4** Junior Savers cannot apply for a loan, do not have a say in the running of the business and are not permitted to attend General Meetings. **2.6.5** A Junior Saver, who is eligible for membership of the credit union according to **Rule 2.4**, shall convert to full membership of the Credit Union upon reaching the age of 16. **2.6.6** Upon conversion to full membership at age 16, the member will be entitled to save, attend general meetings and vote. They will not be permitted to borrow money from the credit union until reaching the age of 18. **2.6.7** The Credit Union may, if the Directors so determine, take deposits up to a total of £10,000 or 1.5 per cent, whichever is the greater (or such other sum as may be permitted by the Relevant Authority), of the total shareholding of the Credit Union from a junior saver of the Credit Union.

2.12 Expulsion and Suspension from Membership **2.13 Notice of Expulsion** **2.14 liability on Cessation, Withdrawal, Suspension or Expulsion** **2.15 Dormancy**	Allow for the authority for the decision to suspend or expel a member for any grave and sufficient reason to be delegated by the board to the CEO or in their absence the deputy CEO while the board retains the right to hear any appeal ensuring strong governance The renumbering of rules 2.12, 2.13, 2.14 & 2.15	**2.13 Expulsion and Suspension from Membership** **2.13.1** A Member or Junior Saver may be suspended, and subsequently expelled, from the Credit Union for any grave and sufficient reason including, but not limited to, the following: **a)** Wilful breach of, or refusal to comply with, the Rules; **b)** Divulging confidential information obtained by virtue of being a Member, or Junior Saver in whatever capacity, of the Credit Union; **c)** Deceiving the Credit Union with regard to the purpose of money borrowed or its subsequent use; **d)** Default and continued refusal to honour a debt (the loan repayment terms of which had been agreed in a signed loan agreement); **e)** Maliciously and knowingly spreading incorrect reports about the management of the Credit Union; **f)** Wilfully making any entry, or error in, or omission from any system, record or return of the Credit Union with the intent to falsify it; **g)** Actively working against the interests of the Credit Union and/or its membership; **h)** Using the Credit Union as a vehicle for committing an offence under the Money Laundering Regulations 2007 or any subsequent legislation; **i)** Committing an offence of dishonesty against the Credit Union, wilfully destroying or damaging records or other property of the Credit Union, or knowingly passing forged papers through the Credit Union; **j)** If, after admission as a Member, or Junior Saver of the Credit Union, their application form is found to include wilfully false or misleading information or any defect is discovered in their qualification for membership at the time of their admission which in the opinion of the Board of Directors is of such consequence as to justify expulsion; **k)** Abusive behaviour towards the staff or volunteers of the Credit Union. **l)** Acting in a manner that is likely to bring disrepute to the Credit Union.

		2.13.2 The Board of Directors delegates its authority to the Chief Executive or in their absence the Deputy Chief Executive to carry out or give cause to carry out an investigation into the matter where such a grave and sufficient reason (as above) is suspected and where appropriate, suspend and ultimately expel the member from the Credit Union. **2.13.3** Members who in the opinion of the CEO/DEP CEO have been found to be guilty of the acts specified in **Rule 2.12(d) Rule 2.12.(h) and 2.12(i**) may be summarily expelled from membership of the Credit Union. **2.14 Notice of Suspension** **2.14.1** Where a Member or Junior Saver is suspected of breaching **Rule 12.2**, they will be issued a written notice advising them of what rule they are suspected of breaching, are under investigation, that they have been suspended from membership while the investigation is ongoing and invited to address the allegation. Failure of the individual to engage with this opportunity or to do so timeously will not prevent the investigation either proceeding or reaching a conclusion based on the evidence available. **2.14.2** Where membership is suspended, the Member shall temporarily loses their rights to attend, speak and vote at a General Meeting as well as their right to apply for or be granted any loans. **2.14.3** Where the suspended Member is a Director of the Credit Union they will also be suspended from those duties in accordance with **Rule 5.24** of these rules. **2.15 Notice of Expulsion** **2.15.1** Where the decision is taken to expel the member, the Chief Executive or in their absence the deputy Chief Executive will, within 5 working days of their decision, issue a Notice of Expulsion to the

		Member or Junior Saver informing them of the decision and where applicable their right of appeal. **2.15.2** Any Notice of Expulsion shall will not become effective until 30 days after the date of posting or until the determination of any appeal, whichever is the latter, during which period the Member will be suspended. **2.16 Appeal Against Expulsion** **2.16.1** Upon receipt of the letter, the Member will have 14 days in which to register that they wish to appeal the decision. If they do so, the appeal will be held at a specially convened meeting of the Board of Directors at which the Member will be entitled to attend, be heard and be represented. **2.16.3** At the conclusion of the appeal there will be a vote and the Board will pass resolution either: • Overturning the original decision and sanctions; • Upholding the original decision but amending the sanctions; or • Upholding the original decision and sanctions **2.16.4** This decision is final and there is no further appeal process. **2.16.3** At any time during the above process a Member may withdraw from Membership in accordance with **Rule 2.12** and whilst this removes the ability of the Credit Union to apply sanctions, the Credit Union reserves the right to continue to expel the individual and whether it is of a nature which requires to be reported to an external body. **2.16.4** Where a Member is suspended or expelled, the liability remains as per **Rule 2.17**. **2.16.5** Members may also be expelled through Dormancy as defined by **Rule 2.18**.

Rule 4. Board of Directors **Rule 4.1 Classification of Directors** **Rule 4.2 Board of Directors** **Rule 4.3 Nominations Committee** **Rule 4.7 Casual Vacancies**	The renaming of Rule 4. to Board of Directors and the removal of Rule 4.1 Classification of Directors to simplify director designations The renumbering Rule 4.2 as 4.1 and renaming it Number of Directors. The renumbering Rule 4.3 to Rule .4.2 and amending to clarify membership of the committee and the role the CEO and Compliance & Policy Manager as members of the committee at 4.2.2 Amendments to Rule 4.7 Casual Vacancies to remove references to director classifications and renumbering this as Rule 4.6	**4. Board of Directors** **4.1 Number of Directors** **4.1.1** The Credit Union shall have a minimum of 5 Directors, and a maximum so determined by the members at the Annual General Meeting. This number will include the Chief Executive Officer as an Executive Director whose appointment to the Board will be by virtue of his/her position. The Chief Executive Officer will not require to be elected and will serve for as long as they hold the position. **4.1.2** For whatever reason, should the number of Directors fall below 5 and, where the Board is of the opinion that there is no prospect within the following 12 weeks that this number will rise above 4, a Special General Meeting will be called to discuss possible resolutions. **4.1.3** For whatever reason (e.g. vote of no confidence by Members at General Meeting), the number of Directors falls to zero, the Chief Executive will call a Special General Meeting to discuss possible resolutions. The meeting is to be held within 4 weeks and the Chief Executive will Chair said meeting. **4.2 Nominations Committee** **4.2.1** The Board of Directors will form a Nominations Committee with a remit including: **a)** Establishing and maintaining an appropriate application process for potential Directors; **b)** Meeting with prospective Directors, informing them of the role and preparing them for potential election; **c)** Determining the standards of fitness and propriety required of directors and potential directors; **d)** Determining whether or not a potential director's name should appear on the ballot paper based on whether or not that they have demonstrated (or are judged to be capable of demonstrating) fitness and propriety for the role **(Rule 5.21)**;

		e) Where deemed required, identifying people within the common bond (whether they are currently a member of not) with a skill set which may augment the Board of Directors and encouraging them to stand for election; **f)** Evaluating the outcome of the efforts to generate interest from new volunteers where this has been delegated to the Chief Executive **4.2.2** The Nominations Committee will comprise of not less than three directors. The Chief Executive and the member of staff with responsibility for regulatory compliance will have an advisory role on the committee but will have no voting rights in the consideration of nominees. The Chairperson must not serve on the Nominations Committee. **4.2.3** Subject to **Rule 4.6** the Board of Directors has the delegated authority to fill casual vacancies **4.3 Eligibility for Nomination to the Board** **4.3.1** All nominees for election to the Board of Directors must be Members of Scottish Police Credit Union, be at least 16 years of age and; • In the case of an individual Member; be the individual • In the case of a partnership or an unincorporated association, be the Designated Representative or partner • In the case of an incorporated body; be the Corporate Representative **4.3.2** A Member should not allow their name to be put forward for nomination if they know of any substantive reason why they may not be regarded as 'fit and proper' to be authorised as an Approved Person by the Regulator. A Member may not stand for election if they: **a)** are an employee of any other Credit Union; **b)** are a Director of any other Credit Union;

		c) are a Director or Employee of a Credit Union Trade Body to which Scottish Police Credit Union is not affiliated; **d)** have, at any time, been disqualified under the Directors Disqualification Act 1986; **e)** have, at any time, been convicted of any offence involving fraud or dishonesty; **f)** are judged by a medical practitioner to be physically or mentally incapable of acting in the role of a Director; **g)** by reason that due to their mental health, they are subject to a court order which wholly or partly prevents them from personally exercising any powers or rights which that person would otherwise have; **h)** are unwilling or unlikely to achieve the required level of competence **(Rule 5.21)**. **4.3.3** Where the Nominations Committee, formed under **Rule 4.2**, believes that a Member putting themselves forward for election should not do so under the clauses set out in this Rule, they have the authority not to allow the Member's nomination to be put forward. **4.3.4** If the Member wishes to challenge this decision, then the matter will be added to the agenda of the next General Meeting, at which a vote will be held to either ratify or overturn the Nominations Committee decision (Such a vote being decided by a majority show of hands). **4.4 Nominations** **4.4.1** All nominations for election to the Board of Directors should be completed in accordance with the prescribed application process. **4.4.2** Nominations for election to the Board of Directors can be made at any time during the year. Nominations received less than 28 days in advance of a General Meeting will not be considered for that General Meeting but will be held over until a subsequent meeting.

		4.4.3 All nominations for election to the Board of Directors require to be assessed and approved by the Nominations Committee **(Rule 4.2)** before the nominated person can appear on a ballot paper. The Nominations Committee will only allow a nomination to proceed to ballot if they consider that the nominee meets the competence requirements **(Rule 5.21)** or it is likely that they are able and willing to meet those requirements prior to the period of office commencing. **4.4.4** Where the Nominations Committee does not approve the person for inclusion on the ballot paper they will, on behalf of the Credit Union, offer assistance and guidance as to how the Member can meet the competence requirements in order that their name may go forward to a future ballot. **4.4.5** If the Member wishes to challenge the decision of the Nominations Committee to exclude them from the ballot paper, then the matter will be added to the agenda of the next General Meeting, at which a vote will be held to either ratify or overturn the Nominations Committee decision (decided by a majority show of hands). **4.4.6** Details of all the nominees for election to the Board of Directors who will appear on the ballot paper will be made available publicly on the Scottish Police Credit Union website at least 14 days prior to the General Meeting at which their nomination will be considered and physical copies will be issued along with the ballot paper sat the General Meeting itself. **4.4.7** In the absence of extenuating circumstances, all nominees for election to the Board of Directors Committee must attend the General Meeting at which their nomination will be considered **(Rule 4.5 (a))**.

		4.5 Election Process **4.5.1** Prior to the meeting, the Board of Directors will appoint a "returning officer" (normally an independent person such as the external auditor). **4.5.2** Upon arrival at the General Meeting, Members will be issued with meeting papers which will include details of those standing for election and a ballot paper. **4.5.3** Prior to the vote taking place the Chair will: **a)** Confirm that each nominee is present at the meeting. If a nominee is not present and the Chair has been advised of extenuating circumstances, the Chair will hold a vote, based on a show of hands, as to whether the nomination should be allowed to proceed to or be dropped from the election (if the Chair has not been advised of extenuating circumstances for non-attendance the Chair will advise the attendees that the nomination is withdrawn and that any votes cast for that person will be void); and **b)** Confirm that the nomination has been ratified by the Nominations Committee. **c)** Allow each nominee present to speak to their application. Where a nominee is not present, no other person will be allowed to speak on their behalf; and **d)** Provide an opportunity for any member attending the General Meeting to state why they believe that any of the candidates are ineligible to stand for election by virtue of the fact that their nomination contravenes any of the Rules or the criteria for a fit and proper person **(Rule 5.21)**. **4.5.4** Following which, members will be asked to cast their vote in a secret ballot. The actual voting procedures being determined, in advance, by the Board of Directors. **4.5.5** The Member receiving the most votes will be duly elected to the post. Where there is more than one vacancy, the Member receiving the second highest number of votes will be duly elected to the second post and so on until all the posts are filled.

		4.5.6 The Returning Officer will announce the result of the election at the General Meeting. **4.5.7** If for any election the number of nominees does not exceed the number of vacancies to be filled, a proposal to dispense with the election procedure and to declare that all nominees are duly elected may be proposed to the annual general meeting. **4.5.8** If such a proposal is carried by a majority vote of the Members present at the meeting, the chairperson shall declare that the nominees for that election are duly elected. **4.6 Casual Vacancies** **4.6.1** A casual vacancy on the Board of Directors shall, as soon as is practicable, be filled by co-opting a Member possessing the necessary competence to perform the vacated role. Having satisfied themselves regarding the fitness and propriety of the Member, the Nominations Committee will propose the co-option and this will be ratified (or otherwise) by a majority vote of the Elected Directors at an appropriately convened meeting. **4.6.2** Any Member who is co-opted as a Director shall hold office only until the first Annual General meeting following their co-option. Co-opted Directors may stand for election at the Annual General Meeting following their co-option under the **Rules 4.3 and 4.4.**
Rule 5.2 Election of Office Bearers	Removal of references to Executive and Non-Executive directors and amendment to the number of office bearers required to be appointed, plus rule number amendments.	**5.2 Election of Officer Bearers** **5.2.1** As soon as possible following the annual general meeting, the Board of Directors shall elect from among its number with the exception of the Chief Executive a president who shall be chairperson, a vice-president who shall be vicechair person and a Secretary of the Credit Union. A person so elected shall hold office until the election of their successor. Subject to **Rule 5.4** the posts of Chairperson, Vice Chairperson and Secretary will be held throughout that

		Directors term (or terms) of office **(Rule 5.19).** **5.2.2** Unless the Director vacates office or there is a majority vote by the Board of Directors to the contrary, all such elected posts are held until immediately after the next AGM. At the close of the AGM the posts are automatically vacated, triggering new elections to be conducted at the first meeting of the Board of Directors following the AGM.
Rule 7.1 Terms of Office	Renumbering of Rule 7.1 to Rule 5.19 and the vesting date of newly elected directors changed from 1st February to an appointment date commencing immediately following election subject to rule 5.19.2. The amendment to office bearers tenures in line with proposed rule change to Rule 5.2.	**5.19 Directors Terms of Office** **5.19.1** Following successful election **(Rules 4.4 and 4.5)**, a Director will be appointed for a period of three years following the date of election. **5.19.2** Elected directors can only take up post if they have, to the satisfaction of the Nominations Committee, demonstrated that they are fit and proper **(Rule 5.21)** and where necessary have subsequently been certified or approved (as appropriate) under the regulatory regime. **5.19.3** Where fitness and propriety or regulatory certification/approval has not been attained by the commencement date, the appointment will commence immediately those criteria are satisfied but the total term of office will be reduced in order that it terminates on the third anniversary of the original appointment date. **5.19.4** If Director fails to demonstrate that they are fit and proper **(Rule 5.21)** or subsequently fails to obtain certification or approval under the regulatory regime, within three months of their appointment date (Rule 5.21), their election is automatically declared null and void and a vacancy is immediately created. **5.19.5** At the end of the first three-year term, a Director automatically vacates office unless they have stood for election and been re-elected for a second three-year term at the preceding AGM.

		5.19.6 Unless agreed by the Board of Directors, there is no restriction on the number of times (consecutive or otherwise) any member can hold the post of Director. **5.19.7** Unless agreed otherwise by the Board of Directors, there will be a restriction of two, three-year terms on the number of consecutive times any Director can hold one of the following elected posts; • Chair / Vice Chair • Secretary
Rule 8.5 Withdrawal Restrictions	Removal of withdrawal restriction reference to loans taken out prior to January 2012 as this is no longer relevant as the maximum loan term is 10 years and the right of discretion which now no longer applies. The renumbering of this rule to Rule 6.5.	**6.5 Withdrawal Restrictions** **6.5.1** Excluding Deferred Shares **(Rule 6.4)**, Shares may be withdrawn on any day when payment for shares may be made. However, if required, the Credit Union may require up to sixty days' notice from a Memberto withdraw shares. **6.5.2** The terms of the loan must include provision as to whether, for the duration of the loan, the borrower is permitted to withdraw Non-Deferred Shares where their paid-up shareholding (excluding Deferred Shares) in the Credit Union is, or following the withdrawal would be, less than their total liability(including contingent liability) to the Credit Union, whether as a borrower, guarantor or otherwise. **6.5.3** The Board of Directors shall have the power to vary the terms of the loan agreement with the agreement of the borrowing Member.
Rule 10.2 Application of Surplus Reserves	Removal of the threshold conditions on for the payment of funds for the purposes of social, cultural and charitable donations and providing full authority on decisions taken in this regard. The renumbering of this rule to 8.2	**8.2 Application of Surplus Reserves** **8.2.1** The Credit Union shall establish and maintain reserves in accordance with the prudential rules on capital adequacy established by the Regulator. **8.2.2** The Credit Union may establish and maintain reserves over and above the Regulator's prudential

requirements at a level as set from time to time by the Board of Directors.

8.2.3 Following compliance with the capital adequacy requirements established by the Regulator and the Board of Directors and subject to the delegated authority requirements noted below, the Credit Union may allocate any reserves in the following manner:

a) A transfer to reserves to build the institutional capital base of the Credit Union;

b) After (a) the payment to Members of dividends on the amount of their paid-up Dividend Bearing Shares; and

c) after (a) and (b), as a rebate of interest paid by or due from Members who have received loans from the Credit Union, such rebate being proportional to the interest paid by or due from such Members during that year of account; and

d) subject to the delegated authority (below) as payment for social, cultural or charitable purposes.

8.2.4 Subject to the following delegated authority:

8.2.5 The Board of Directors has the delegated authority to declare interim and final (bonus) dividends on all Dividend Bearing Share Accounts and to establish differentiated dividend rates on Different Term Share Accounts, subject to any regulatory restrictions on the Credit Union's operations. The dividend rates paid during the year will be tabled at the subsequent AGM, for noting by the membership; and

8.2.6 Any proposal to rebate interest paid or due for payment on loans will be tabled at the AGM for member approval; and

8.2.7 Approval for any payment for social, cultural or charitable purposes is delegated to the Board of Directors subject to being tabled at the subsequent AGM for noting by the Membership.