

# Information Briefing for Members on Proposed Changes to the Rules of Kingdom Community Bank

March 2020



## **What is this briefing for?**

To provide Members with information on the proposed changes to the Rules that will be put forward for a decision at the Annual General Meeting (AGM).

## **Who is it for?**

It's for full Members of Kingdom Community Bank – those people aged 18 or over who hold an account with us with a minimum shares balance of £5.00.

## **What are the Rules?**

The Rules contained in the Rulebook define how the organisation should be run.

## **Who wrote the current Rules?**

The current Rules are very closely based on template, or model, Rules produced by the Scottish League of Credit Unions (SLCU). Most credit unions in the UK have a Rulebook based on a template produced by a trade body such as SLCU or ABCUL (Association of British Credit Unions Limited).

## **Who can change them?**

Members (the people who own the credit union/community bank) can vote to change their Rules, with approval required from the Financial Conduct Authority before new Rules can be implemented.

## **Why are the Directors proposing changes to the Rules?**

The current Rules were provided by SLCU. The Board of Directors agreed in February 2020 to move from SLCU to ABCUL. So, Directors of Kingdom wish to adopt the template Rules provided by ABCUL. Directors have reviewed the existing Rules against ABCUL's model Rules and have identified areas that they wish to improve upon or tailor slightly to suit Kingdom better.

## **Who are the Directors?**

The Directors are Members of Kingdom that have been elected by the membership to govern (manage and oversee) the organisation on their behalf. Directors are elected by Members at the AGM. Directors are tasked with running the organisation in the best interests of Members.

## **What will happen at the AGM?**

The Directors will present the new proposed Rules (a resolution) and ask the Members to vote to adopt them. If more than two-thirds of the Members present and eligible to vote agree to the resolution then the new Rules will be submitted to the Financial Conduct Authority for approval to adopt them.

## **Do I need to attend the AGM?**

No. But if you want to vote then you will need to attend. The new, proposed Rules provide for the possibility of future votes being cast in advance of the meeting, for those unable or unwilling to attend for whatever reason. Directors are keen to adopt Rules that help strengthen the governance and running of the Organisation and hope that Members will support these efforts to do that.

### What kind of changes are being proposed?

It is worth noting that the majority of the SLCU template and the ABCUL template are identical – there are not many material differences. The proposed changes can be summarised as follows:

Nature of change	Brief summary	New Rules affected
Name	References to credit union replaced with Organisation. This is not a material change.	Most of them.
Numbering and order	Some fairly minor changes to the ordering of sections and numbering as result of the move from SLCU model rules to ABCUL model rules	Various.
Common bond	A slight addition to allow people employed by organisations in Fife to become Members	Rule 7
Non-Qualifying Members	The maximum is being reduced from 25% of the membership to 20% of the membership. 20% is the ABCUL recommendation.	Rule 12
Expulsion of Member	Clarity provided so that each decision doesn't have to be taken at a Board meeting but in accordance with a policy and procedure approved by the Board, as well as clarity around suspension of Members which could lead to expulsion.	Rules 20(i) and 23
Reasons for Expulsion	Some improved clarity and strengthening of the potential reasons for suspension/expulsion.	Rule 24
Sending Written Notification	Clarity on the postal methods and what should happen if it is claimed to have not been received.	Rule 25
Expulsion Appeals	An appeal does not require the expense and significant effort of organising a special general meeting but should still be handled democratically and fairly.	Rule 26
Dormant Accounts	Clarity that the Board needn't take each decision, so long as they set the policy and procedure.	Rules 30 and 34
Dividends	Clarity around who should receive any dividend and when.	Rule 75
AGM	Addition of setting any entrance fee and/or annual administration fee as part of the business.	Rule 80(d)
Voting	Option to allow postal voting at the discretion of the Board.	Rule 90
Voting	Option to allow secret ballots at meetings of Members.	Rule 91
Members addressing meetings	Clarity around the right of Members to address the membership at a general meeting	Rule 92
Election of Officers	Change to allow objections to the election of officers to be handled more appropriately	Rule 103
Board of Directors	The maximum number of Directors is to be 15.	Rule 107
Office Holders	The position of Secretary is to be optional.	Rule 110
Quorum	Clarity on using technology to participate in Board meetings	Rule 114
Delegation of Powers	The option to allow certain decisions to be reached urgently between Board meetings in a fair and transparent manner	Rule 120
Credit Committee	Allows operational activity to be delegated to loans officers and/or the CEO and not just loans officers	Rule 128
Dissolution	If Kingdom were to close any remaining monies should go to a local credit union or charity for financial inclusion activity	Rule 161(b)

### Where can I get a full copy of the existing Rules and a full copy of the proposed Rules?

These are available to download from our website: [www.kingdomcb.org.uk/agm](http://www.kingdomcb.org.uk/agm)

You can also pop into our branches at Methilhill or Glenrothes, or contact us to get a copy.

### What if I have a question that isn't answered here?

Please get in touch with us: 01592 714888 during business hours or e-mail [info@kingdomcb.org.uk](mailto:info@kingdomcb.org.uk)