



TRINIDAD AND TOBAGO

No. 18—1952

[L.S.]

I ASSENT,

H. E. RANCE,  
*Governor.*

23rd April, 1952.

AN ORDINANCE to amend the Credit Union Societies Ordinance, 1945.

[1st May, 1952.]

Commence-  
ment

ENACTED by the Governor of Trinidad and Tobago with the Enactment advice and consent of the Legislative Council thereof.

1. This Ordinance may be cited as the Credit Union Societies Short title (Amendment) Ordinance, 1952, and shall be read as one with the Credit Union Societies Ordinance, 1945, hereinafter referred No. 48 of 1945 to as the Principal Ordinance.

Section 18 of  
Principal  
Ordinance  
repealed and  
replaced

**2.** Section 18 of the Principal Ordinance is hereby repealed and replaced by the following:

"Inspectors of  
Credit Unions

18. (1) The Governor may appoint fit and proper persons to be Inspectors of credit unions and such inspectors shall be under the direction of the Registrar.

(2) It shall be the duty of an Inspector of credit unions:—

- (a) to inspect, enquire and examine into the affairs of credit unions; and for such purpose he shall at all times have access to all the books, accounts, papers and securities of a credit union, and shall be entitled to inspect the cash in hand; and every officer of the credit union shall furnish such information in regard to the transactions and working of the credit union as the person making such inspection may require;
- (b) to report to the Registrar respecting the financial status of credit unions;
- (c) to perform such other duties as may from time to time be assigned to him by the Registrar;
- (d) to exercise such other powers as may be necessary for carrying this Ordinance into effect.

(3) Every Inspector shall be furnished by the Registrar with a letter of identification, and on any inspection, enquiry or examination hereunder shall, if so required, produce the same."

Section 25 (1)  
(a) of Principal  
Ordinance  
amended

**3.** Paragraph (a) of subsection (1) of section 25 of the Principal Ordinance is hereby amended by substituting the words "bill of exchange" for the word "draft".

Section 26  
of Principal  
Ordinance  
amended

**4.** Section 26 of the Principal Ordinance is hereby amended—

(a) by substituting the following subsection for subsection (3):—

"(3) A person under the age of twenty-one years may, subject to the limitations expressly stated in the rules, be a member of a credit union, and may enjoy, except as herein provided, all the rights of a member. Any such member may, if he is over fourteen years

by himself, and if he is under that age by his parent or guardian, execute all instruments and give all acquittances necessary to be executed or given under the rules. A person under the age of twenty-one years shall not, however, be a member of the committee of management, the credit committee or the supervisory committee of a credit union, but may be a paid servant in the employ of the credit union.”;

(b) by adding the following subsection at the end thereof:—

“(4) The mother of an illegitimate child under fourteen years of age shall, except there be an order of a court depriving her of the custody of such child, exercise, on behalf of such child, any powers in this section expressly or impliedly contained. If such mother is dead, of unsound mind, in prison, or absent from the Colony, the putative father of such child may exercise any powers under this section.”

5. Subsection (5) of section 38 of the Principal Ordinance is hereby repealed and replaced by the following:—

Section 38 (5)  
of Principal  
Ordinance  
repealed and  
replaced

“(5) No loan shall be made to an officer of a credit union of a sum in excess of the value of his shares and deposits and accumulated dividends and interests thereon unless such loan be approved by the vote of two-thirds of the other members of the committee of management and credit and supervisory committees sitting together or be made with the consent in writing of all the members (other than the borrowing officer) constituting the committee of management, the credit committee and the supervisory committee.

6. Section 42 of the Principal Ordinance is hereby repealed and replaced by the following:—

Section 42 of  
Principal  
Ordinance  
repealed and  
replaced

Investments by  
credit unions

“42. (1) A credit union may invest any part of its capital in or upon any security authorised by its rules, and also, if the rules do not otherwise provide, in or upon any of the securities hereinafter enumerated, that is to say—

(a) in or upon any security in which trustees are for the time being authorized by law to invest;

- (b) in or upon any mortgage of real or personal property, mortgage bill of sale, bond, debenture, debenture-stock, corporation stock, annuity, rent-charge, rent or other security (not being securities payable to bearer) authorized by or under any Ordinance;
- (c) in the shares or on the security of any other society registered under this Ordinance or under the Building Societies Ordinance, or of any company registered under the Companies Ordinance or incorporated by Ordinance or by Charter, provided that no such investments be made in the shares of any society or company other than one with limited liability; or
- (d) with the approval of the Registrar, in the shares of any co-operative society, association, organization or undertaking of any kind whatsoever.

Ch. 38, No. 1

Ch. 31, No. 1

(2) A credit union may invest its capital and funds in a savings bank.

(3) A credit union so investing shall be deemed to be a person within the meaning of the

Ch. 31, No. 1 Companies Ordinance."

Section 55 of  
Principal  
Ordinance  
amended

7. Section 55 of the Principal Ordinance is hereby amended by adding the words "or company" immediately after the word "society" in subsection (1) and subsection (3).

New sections  
added to  
Principal  
Ordinance

8. The following new sections are hereby added to the Principal Ordinance immediately after section 79 thereof:—

"CREDIT UNION LEAGUE OF TRINIDAD  
AND TOBAGO

League of  
Credit Unions

80. Credit unions registered under the provisions of this Ordinance, being members of the organization known as the Credit Union League of Trinidad and Tobago may, with the object of associating together in a League for the furtherance of their common interests and the benefit of their members, within four months

of the coming into force of this Ordinance execute in duplicate a Memorandum of Association attested by the hands of officers expressly authorized for the said purpose and if such Memorandum is approved by the Registrar cause it to be filed in the office of the Registrar.

Membership in  
the League

81. Membership in the League shall be open to all credit unions.

Contents of  
Memorandum  
of Association

82. The Memorandum of Association shall contain the full name of the League, the entrance fee and annual subscription payable, provision for the levying of assessments from time to time as may be necessary, the aims and objects of the League, the place at which its registered office will be situated, the names and addresses of the credit unions subscribing to the Memorandum of Association and the signatures of the authorized officers respectively representing the same and shall be accompanied by a copy of the rules by which the League is to be governed and such other documentary evidence as the Registrar may require.

Registration of  
Memorandum  
of Association

83. If the Registrar approves of registration he shall endorse upon both copies of the Memorandum of Association an acknowledgment of registry and such endorsement will be conclusive evidence of registration under this Ordinance.

Publication  
of notice  
of registra-  
tion of  
Memorandum  
of Association  
League to be a  
credit union

84. The Registrar shall cause a notice of the registration of the Memorandum of Association to be published in the *Royal Gazette*.

85. From the date of the acknowledgment of registry the credit unions on whose behalf application has been made for registration in the Memorandum of Association and such other credit unions as from time to time become members of the League shall be a credit union by the name contained in the Memorandum and the provisions of this Ordinance shall apply *mutatis mutandis* to the League.

#### TRINIDAD AND TOBAGO CREDIT UNION BANK

Establishment  
of Bank

86. For the purpose of fostering and encouraging the development and expansion of credit unions in the Colony credit unions shall be at liberty to establish, operate and maintain a bank to be called the Trinidad and Tobago Credit Union Bank (hereinafter referred to as "the Bank").

Membership  
of Bank

87. As from the commencement of this Ordinance all credit unions which by virtue of the provisions herein contained become holders of shares in the capital of the Bank and all other credit unions that shall hereafter become and be the holders of shares in the capital for the time being of the Bank in accordance with the rules relating thereto to be registered hereunder so long as they respectively continue to fulfil the conditions of membership as prescribed by the said rules, shall be and be entitled to remain members of the Bank.

Functions  
of Bank

88. The main purpose for which the Bank is established is to promote the economic interests of credit unions and their members and more particularly to arrange:

- (i) the creation of funds to be lent to credit unions and their members for provident or productive purposes;
- (ii) other measures designed to encourage in credit unions the spirit and practice of thrift, mutual help, and self-help; and
- (iii) for the bonding either as a group or singly of credit union officers or employees holding in credit unions positions of trust, in order to protect credit union funds against loss, and to insure repayment of loans made by credit unions to their members and to act as agent in connection therewith.

Power of Bank  
to make loans

89. The Bank may make loans from its funds to credit unions and their members.

Funds of Bank

90. The funds of the Bank shall consist of:—

- (i) the share capital fixed by the rules: Provided that the rules of the Bank may make provision for the share capital of the Bank to be non-withdrawable;
- (ii) deposits and loans from member credit unions and from any other sources. Provided that notwithstanding anything to the contrary contained in this Ordinance, a credit union shall be at liberty to loan to the Bank an amount not exceeding fifty per centum of the total assets of such credit union; and
- (iii) proceeds of loans contracted by or with the Bank.

Powers and  
authorities  
of Bank

91. (1) The Bank shall have the power to draw, make, accept, endorse, discount, execute and issue promissory notes, bills of lading, warrants and other negotiable or transferable instruments.

(2) The Bank may accept, fulfil and execute all such banking offices, services and obligations as may be committed to it either jointly with others, or separately, in the course of its usual or customary business as a banker, on such terms as may be agreed upon, and may stipulate for, collect, receive, sue for, and recover all agreed or reasonable remuneration together with all legal, usual and customary costs, charges and expenses for all or any of the duties, offices and services of any kind whatsoever rendered, observed, executed, performed or done in pursuance of any of its powers hereunder, whether or not such duties, offices or services are, by law or custom, gratuitous.

(3) The Bank may hold, purchase, or take on lease any real or personal property and may sell, exchange, mortgage or lease the same, and have, exercise and enjoy all the powers and privileges attaching to a credit union under sections 41 and 42 of this Ordinance.

Constitution  
of Board of  
Directors

92. (1) The general management of the business and affairs of the Bank shall be vested in a Board of Directors (hereinafter referred to as "the Board") consisting of nine members, six of whom shall be elected from the delegates of member credit unions and the remaining three of whom shall be appointed by the Governor in Council in the manner respectively provided under rules made under this Ordinance. The appointment of directors to the Board by the Governor in Council shall subsist for the period of ten years next after this Ordinance shall come into effect and thereafter all the nine members of the Board shall be elected by the member credit unions.

(2) The Board, subject to the approval of the Governor in Council, may make rules respecting the appointment and election of members of the Board.

(3) The Board shall have, enjoy and exercise all the rights, powers, privileges and duties attaching to a committee of management under the provisions of this Ordinance.

Application of  
profits

93. Notwithstanding anything contained in this Ordinance three-quarters of the annual profits arising from the operation of the Bank shall for the period of ten years immediately following the registry of the Bank be carried to a reserve fund; the remaining one-quarter of the profits shall be credited to the member credit unions holding shares in the Bank proportionately as such shares are held. Thereafter after making provision for the Education Fund in the manner required by section 40 of this Ordinance, part of the annual profits during any year may be applied to the payment of a dividend on shares not exceeding ten per centum per annum on the nominal value of each share: Provided that the undistributed profits of any previous year or years may be utilized in the payment of an annual dividend not exceeding ten per centum in any one year.

Non-liability  
of member  
credit unions

94. (1) Save as is provided otherwise herein no member credit union shall be liable to contribute to the debts or liabilities of the Bank a greater amount in the whole than its unpaid dues owing to the Bank and any sum exceeding the amount (if any) for the time being unpaid on the shares held by it in the Bank.

(2) Notwithstanding anything to the contrary contained herein the provisions of section 60 of this Ordinance shall apply to the Bank in the case of a winding up with the exception of paragraphs (c) and (d) thereof, and subject to the replacing of the expressions "credit union" and "person" by the expressions "Bank" and "member credit union" where the same are used respectively in the said section; and the word "he" in paragraph (b) of the said section by the word "it".

Board may  
employ officers  
and servants

95. (1) The Board shall be paid out of the funds of the Bank by way of remuneration for their services such sum or sums as the Bank at its Annual General Meeting may from time to time determine, and such remuneration shall be divided amongst them as they shall agree, or failing agreement, equally.

(2) The Board may appoint and employ, at such remuneration and on such terms and conditions as it may think fit, such officers and servants as may be deemed necessary for the efficient administration of the Bank.

(3) The officers and servants of the Bank shall perform, execute and fulfil the functions and duties of their respective offices in the Bank as required by the rules relating thereto, and be subject in all respects to the liabilities and obligations attaching to officers and servants of a credit union registered under this Ordinance.

(4) The Board may require any officer or servant in the service of the Bank to give security to its satisfaction for the due execution of his duties and shall be entitled to promote and support schemes for the providing of guarantee and other funds in connection with the said officers and servants.

Power to grant pensions, gratuities, &c.

96. The Board shall be empowered to grant pensions, allowances, gratuities and bonuses to its officers and ex-officers, servants and ex-servants or the dependants of such persons and to establish, support or contribute to a Provident Fund from and out of its funds for the said purposes.

Application of funds of Bank

97. (1) Notwithstanding anything contained in this Ordinance it shall be lawful for the Board at any time to use, expend or apply the funds of the Bank—

- (a) in the purchasing, acquiring or holding of land, absolutely or otherwise, and upon such terms, conditions or stipulations as may be agreed, for the purpose of laying out or developing the same in lots, plots or other divisions, for use as a residential area or areas, or for the erection of offices, halls, or places of meeting of credit unions or for any other object or purpose not inconsistent with the provisions of this Ordinance;
- (b) in any development, improvement or betterment of such land or any portion thereof, and in the execution or carrying out of any work, operations or alteration, ancillary or consequential to such purpose or purposes;
- (c) in constructing, forming, laying, widening, making or grading any road, roadway, path or means of

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access from any such land to a public road within the meaning of the Roads Ordinance;

- (d) in performing or executing any plan, scheme, work or undertaking which may appear necessary or expedient for the purpose of carrying out or giving effect to any of the provisions of this subsection.

(2) If and as long as any property of the Bank consists of land the Board shall manage or superintend the management of such land with full power to appoint and pay a manager and other persons for the management, cultivation or maintenance of such land, or any part thereof either in its existing form of cultivation or plantation or otherwise and may do all things needful or requisite for the development, preservation or maintenance of such land, including the power to lease the whole or any part of the same, for any purpose and to accept surrenders of such leases as it in its absolute discretion thinks fit, and any expenses incurred in the exercise of the powers herein contained shall be charged against the income of the Bank.

(3) No freehold land shall be purchased, acquired, or held, or any land taken on lease, by the Bank from the Crown, a municipal corporation or any Government organization or body except with the consent in writing of the Registrar nor shall the funds of the Bank be expended in the laying out, developing, improving or bettering of any such land or any portion thereof or the appurtenances thereto belonging save with the prior approval in writing of the Registrar.

Appointment  
of valuers and  
inspectors

98. (1) The Board may appoint and employ valuers and inspectors at such remuneration and on such terms and conditions as the Board may determine.

(2) Any valuer or inspector appointed under this section may at all reasonable times enter upon any lands or into any buildings in respect of which a loan or advance has been made by the Bank and may value or inspect the same; and any person obstructing or causing to be obstructed any valuer or inspector in making such valuation or inspection, whether by force or by threats, or in any other manner, shall be liable, on summary conviction to a fine of two hundred and fifty dollars or to imprisonment for three months.

Restriction  
upon loans  
where credit  
already  
pledged

99. Notwithstanding anything herein contained no loan shall be made or granted by the Bank to any person whose credit is already pledged to the Government Housing Loans Board, the Friendly Societies Housing Corporation, or any other corporation, company or mortgagee for any of the following purposes:—

- (a) the acquisition for use by him as a residence for himself and his family, of a house and land;
- (b) the purchase of land, and the erection thereon by him of a house for use as aforesaid;
- (c) the erection on land owned or rented by him of a house for use as aforesaid;
- (d) the substantial alteration or improvement of a house used as aforesaid;
- (e) the payment of premiums and other expenses in connection with the insurance of his life as security for a loan under this section;
- (f) the payment of any expenses or outgoings incidental to any of the foregoing:

save that a loan may be made or granted by the Bank to any such person for the discharge of any subsisting mortgage or charge on a house or land used or intended to be used as a residence by such person and his family.

100. Save in special circumstances, no loan shall be made to any person for the purpose of erecting more than one dwelling house and its appurtenances in the Colony, and no loan shall be made to any person for the purpose of acquiring a house from his or her husband or wife, as the case may be, or, for the purpose of acquiring a house for residence if he or his wife, or, she or her husband already owns a dwelling house.

101. (a) The Bank may, pursuant to any agreement or working arrangement negotiated with any person, committee, corporation, agency, association, organization, group, body or department, Government or non-Government, public or private, accept on deposit or on loan, monies or funds earmarked for a particular

Restriction  
upon loans

Bank may  
accept funds  
earmarked  
for special  
purposes

purpose or purposes and shall in accordance with the terms and conditions thereof apply the same exclusively in carrying out such purpose or purposes.

(b) The Bank shall be at liberty to receive such compensation or reward as may be agreed upon for any services and facilities rendered or supplied pursuant to such agreement or arrangement.

Special powers  
of inspection  
to Registrar

102. The Registrar shall in all cases be entitled to demand evidence of, and to inspect, the nature of the securities offered, given or pledged for or in respect of any loan made or to be made by the Bank, and satisfy himself of the value or solvency of securities submitted in respect of any obligation or liability undertaken by any credit union, member or non-member to the Bank for or in connection with any loan.

Registry  
of Bank

103. (1) The Bank shall be and be deemed to be a credit union within the meaning of this Ordinance, with all the rights, powers, privileges and duties attaching or accorded to a credit union thereunder and as respects the conduct of its business and affairs shall, subject to such adaptations and modifications as may be necessary or expedient, make proper provision by its rules for the government, management, and operation thereof, and upon approval of its rules by the Registrar shall be registered by him as a credit union under the provisions of this Ordinance.

(2) Notwithstanding anything in subsection (1) of section 36 of this Ordinance the rules of the Bank may permit the Bank to open deposit accounts either for fixed periods not exceeding two years or repayable on demand or on specified notice not exceeding ninety days.

(3) The rules contained in the Third Schedule to the Principal Ordinance shall be amended in the manner prescribed by section 10 of the Principal Ordinance.

Improper use  
of words  
"Credit Union"

104. (1) It shall be an offence for any person, association, co-operative society, co-partnership or corporation to use the words "Credit Union" or any abbreviation or modification thereof in the name of or designating any business activity or industry carried on by such person, association, co-operative society, co-partnership or corporation except in connection with the activities of a co-operative credit society registered under this Ordinance.

(2) No person, association, co-operative society, co-partnership or corporation other than the Credit Union League of Trinidad and Tobago and the Trinidad and Tobago Credit Union Bank established under this Ordinance shall use the words "Credit Union League of Trinidad and Tobago" or "Trinidad and Tobago Credit Union Bank", as the case may be, or any alteration or modification respectively thereof, in the name of or designating any business activity or enterprise carried on by such person, association, co-operative society, co-partnership or corporation.

(3) An offence under this section shall be punishable by a fine not exceeding two hundred and forty dollars, and in the case of a continuing offence by a further fine of five dollars for each day on which the offence is continued after conviction therefor.

105. The provisions of subsection (7) of section 4 of the Principal Ordinance shall not apply to the League or the Bank.

106. The following Schedule is hereby added to the Principal Ordinance:"

### THIRD SCHEDULE

(Section 106)

1. (1) These Rules may be cited as the Trinidad and Tobago Credit Union Bank Rules, 1952. Short title

(2) The Trinidad and Tobago Credit Union Bank is hereinafter referred to as "the Bank".

The registered office of the Bank is at No. 2, Treasury Street in the City of Port-of-Spain in the Island of Trinidad. In the event of any change in the situation of the registered office, notice of such change shall be sent within fourteen days thereafter to the Registrar. Registered Office

3. The objects of the Bank are to promote the economic interests of credit unions and their members by:— Objects

- (a) the carrying on of a banking and credit business;
- (b) the creation of funds to be lent to credit unions and their members for provident or productive purposes;
- (c) other measures designed to encourage in credit unions the spirit and practice of thrift, mutual help, and self-help; and
- (d) arranging for the bonding of credit union employees holding in credit unions positions of trust, and to arrange to insure repayment of loans made by credit unions to their members and to act as agent in connection therewith.

4. (a) Membership shall be open to registered credit unions which are solvent and sound in work, as shall be determined by the Registrar. No credit union shall be admitted a member except by the Board of Directors (hereinafter referred to as "the Board"). Membership

Privilege

New Schedule  
added to  
Principal  
Ordinance

(b) Credit Unions joining at the inception for registration of the Bank shall take at least one share and all credit unions admitted to membership in the Bank, after its registration, shall on election take at least one share.

(c) Application for membership shall be made in writing upon and according to the form prescribed by the Board and shall be submitted with a copy of a resolution passed at a general meeting of the credit union concerned signed by the secretary and countersigned by the president of the credit union authorising the application and declaring its acceptance of all the rights, duties and liabilities prescribed in these rules and in the Credit Union Societies Ordinance, 1945 (hereinafter referred to as the Principal Ordinance), and the Credit Union Societies (Amendment) Ordinance, 1952, or any amendments respectively thereto, provided that every such application shall be referred to the Registrar for his report before consideration by the Board thereof.

Termination  
of membership

5. Membership shall be terminated:

- (a) upon the issue of a winding up order in respect of such member credit union;
- (b) upon the cancellation of the registry of such member credit union;
- (c) upon the member credit union ceasing to hold at least one share;
- (d) expulsion by vote of the Board subject to the confirmation of a general meeting.

Resignation of  
or transfer of  
shares by  
member  
credit unions  
Liability

6. No member credit union may resign from membership or transfer its shares while a borrower or endorser or a guarantor of any loan due to the Bank.

7. (1) Save as is otherwise provided herein no member credit union shall be liable to contribute to the debts or liabilities of the Bank any sum exceeding the amount (if any) for the time being unpaid on the shares held by it in the Bank.

(2) In the event of the insolvency of the Bank any transfer of the interest of any member credit union, a member of which is a member of the Board, made within six months preceding such insolvency shall be null and void as against any creditors of the Bank to the extent of such transfer.

(3) Subject to the preceding subsections of this rule where the Bank is wound up in pursuance of an order or resolution the liability of a present or past member credit union to contribute for payment of the debts and liabilities of the Bank, the expenses of the winding up and the adjustment of the rights of contributories amongst themselves, shall be qualified as follows:—

- (a) no member credit union which has ceased to be a member for one year or upwards prior to the commencement of the winding up shall be liable to contribute;
- (b) no member credit union shall be liable to contribute in respect of any debt or liability contracted after it ceased to be a member.

#### FIXED CAPITAL

Capital

8. The funds of the Bank shall be composed of:

- (a) such number of shares as may be determined by the Board from time to time;

#### WORKING CAPITAL

- (b) deposits from member credit unions and from any other sources on specified notice or with fixed date not exceeding two years;
- (c) proceeds from loans contracted by the Bank.

9. (a) Shares shall be of the value of \$50 each and may be paid for Shares outright or in the following manner: \$20 upon application, and the balance within a period not exceeding three months from the date of application.

(b) No member credit union shall hold shares whose nominal value exceeds one fifth of the total share capital. If any member credit union becomes possessor of more than the maximum holding permitted by this rule, the Board shall have the power to sell the excess number and to hold the proceeds at the disposal of the member credit union whose shares have been sold as aforesaid.

(c) Shares may be transferred only to other member credit unions with the approval of the Board.

(d) The Bank shall have a lien on the shares and deposits of a member credit union for any sum due to the Bank by such member credit union as a borrower or for any loan guaranteed or endorsed by it. For the purpose of enforcing a lien on any share the Board shall have power to sell such share and the net proceeds of such sale shall be applied in or towards the payment of such moneys and the residue, if any, paid to such member credit union.

10. A share register shall be kept in which shall be recorded the full Share Register name, address and the date of entrance of each member credit union, the number and value of each share, and the date at which such member credit union ceased to hold any share.

11. (1) No member credit union shall transfer, part with, pledge, Limitation mortgage or otherwise deal with any share or shares held by it in the Bank save with the leave of the Board.

(2) Shares in the Bank may with the leave of the Board be transferred by a member credit union to another member credit union upon payment of a fee of fifty cents for each transfer. All transfers shall be in writing in the form hereunder.

FORM OF TRANSFER OF SHARES

The.....Credit Union (hereinafter called the transferor) in consideration of the sum of..... paid to the transferor by..... of .....(hereinafter called "the transferee") doth hereby transfer to the transferee the shares numbered ..... in the Trinidad and Tobago Credit Union Bank, to be held unto the transferee subject to the several conditions on which the transferor doth hold the same, and the transferee, doth hereby agree to take the said shares subject to the conditions aforesaid.

In witness whereof the president and secretary of the transferor and the transferee respectively on behalf of the respective credit unions have hereunder set their hands the.....day of .....19.....

.....: President  
.....: Secretary  
for the .....Credit Union.  
(transferor)

.....: President  
.....: Secretary  
for the .....Credit Union.  
(transferee)

Withdrawal of  
shares by  
member  
credit union

12. No member credit union may on any account withdraw any of its shares from the Bank.

Deposits

13. (1) The Board may open and conduct deposit accounts on behalf of its customers. Deposit Accounts may be of three classes:

- (a) Repayable at call or demand.
- (b) Withdrawable on specified notice not exceeding ninety days.
- (c) For a fixed period not exceeding two years.

The Board shall from time to time fix the limits of deposits to be accepted from any firm, company, corporation, co-operative society or credit union in respect of the above classes.

(2) Member credit unions and non-members may deposit money in sums of not less than Five Dollars at any one time.

(3) On the thirtieth day of June, and on the thirty-first day of December of each year interest shall accrue at the rate or rates fixed by the Board, not being in excess of six per centum per annum on deposits of not less than Five Dollars withdrawable on notice or at fixed rate.

(4) All deposits made with the Bank may be utilised and applied as funds of the Bank for any of the purposes of the Ordinance or these Rules.

Loans

14. (a) The Bank may make loans in the manner prescribed or permitted under the Principal Ordinance, for any of the purposes contained in Rule 3 hereof.

(b) Application for loan shall only be made in the form prescribed by the Board.

(c) No loan shall be made unless approved by a two-thirds majority vote of the Board present at the meeting at which the application is considered.

(d) No member credit union or any person or society may borrow from the Bank if it or he has failed to repay any previous loan, or if it or he is in arrear in the payment of any current loan, or instalment thereon.

(e) No loan shall be made to an applicant who is already indebted to the Bank which results in the applicant remaining indebted to the Bank on two separate loans, neither of which is secured by a mortgage or charge on property owned by the applicant save the Board shall unanimously agree that it is safe to make such loan.

(f) A borrower may repay its or his loan in whole or in part any day the office of the Bank is open for business.

(g) No depositor may, whilst indebted to the Bank or whilst continuing to be liable as an endorser or guarantor on any loan, withdraw any money or portion of money paid in on its or his deposits so as to leave to its or his credit in the Bank a sum which is less than that owing by such depositor personally or than that sum the subject of the endorsement or guarantee save the Board shall unanimously agree that it is safe to waive this condition.

(h) Loans to any one member shall be limited to 10 per cent of the capital issued.

Financial year

15. The financial year of the Bank shall begin on the first day of January and end on the last day of December following.

Seal

16. The common seal shall bear legibly engraved on it at length the registered name of the Bank. The seal shall not be affixed to any instrument except by the authority of a resolution of the Board and in the presence of the president and of the secretary or such other person as the Board may appoint for the purpose; and the president and secretary or other person as aforesaid shall sign every instrument to which the seal of the Bank is so affixed in their presence. It shall be in the custody of the secretary.

17. (a) The Board shall, on the close of a financial year, submit with Statutory Audit despatch the accounts of the Bank together with a general statement of the same, including a balance sheet, and all necessary vouchers in respect of such year, for audit to the accountant appointed under the Principal Ordinance, and in default of such appointment to the accountant nominated by the Bank and approved by the Governor.

(b) For the purpose of such audit the accountant shall have access to all the books, deeds, documents and accounts of the Bank and shall examine every such balance sheet and the annual return of the Bank, and shall verify the same with the books, deeds, documents, accounts and vouchers relating thereto and shall either sign the same as found by him to be correct, duly vouched, and in accordance with law, or shall specially report to the meeting of the Bank before which the same is laid in what respects he finds the same incorrect, unvouched or not in accordance with law.

(c) Every year not later than the last day of June the Board shall cause to be sent to the Registrar the annual return as required by the Principal Ordinance, of the receipts and expenditure, funds and effects of the Bank, up to the last day of the preceding month of December, including the balance sheet for the year under review as audited, showing separately the expenditure in respect of the several objects of the Bank together with a copy of the auditor's report. There shall also be sent therewith a list of the officers of the Bank with their full names and addresses, and the dates of their election or appointment, as the case may be, and a statement showing the number of member credit unions of the Bank and the shares held by each such member credit union and the total sum owing by each member credit union to whom a loan was made by the Bank. Such list, return and statement shall be prepared as at the last day of the preceding month of December.

18. If a member credit union has acted in a manner contrary to the best Suspension and expulsion interests of the Bank, it may be expelled by the Board after a hearing subject to the confirmation of a general meeting: Provided that the Board shall be at liberty to suspend any member credit union for a period not exceeding three months.

19. A member credit union may through an expressly authorised officer Inspection of books inspect all the books of account of the Bank at all reasonable times, but not so as to interfere with the conduct of its business, nor may such officer inspect the deposit account of any depositor without his or its written consent.

20. (a) The Annual General Meeting of the members shall be held in Meetings the month of July or August in every year. A member credit union shall be entitled to be represented at a general meeting by one representative only irrespective of the number of its members or of the shares held by it in the Bank. Each representative at a meeting shall have one vote only and save as otherwise herein provided must be a member of the credit union he represents. A member credit union shall cast a single vote through its accredited representative. No other proxies shall be allowed. In addition to the accredited representative other members of member credit unions may attend general meetings but only to follow the proceedings and to advise their representatives.

(b) Notice of all meetings shall be given by the secretary who shall at least fourteen days before the meeting post a notice of the meeting in a conspicuous place in the office of the Bank, and mail by ordinary post to each member credit union a notice thereof. In the case of a special meeting the notice shall clearly state the purpose of the meeting and what matters will be considered thereat.

(c) At all general meetings twenty accredited representatives of members shall constitute a quorum. If a quorum is not present on the expiration of half an hour after the time fixed for such a meeting, an adjournment shall be taken to a date not less than fourteen days thereafter and member credit unions shall be notified accordingly at least seven days before the date thereof; such notification to be made in the same way as is provided in the case of a general meeting. The decision of the adjourned meeting shall be final irrespective of the number of persons present not constituting a quorum.

Business of  
General  
Meetings

21. In a General Meeting the following business shall be transacted:—
- (a) the election of Directors to the Board; a president and two vice-presidents shall be elected by the Board from among its membership;
  - (b) the suspension and removal of Directors from the Board;
  - (c) the consideration of the annual statement of accounts and balance sheet, and of the auditor's report;
  - (d) the disposal of profits;
  - (e) the confirmation of the expulsion of members under Rule 18;
  - (f) unfinished business;
  - (g) new business.

Special  
meetings

22. The Board may in its discretion call a special meeting of representatives of member credit unions and shall do so at the request of one-tenth of the member credit unions of the Bank. The purpose of the special meeting shall be stated in the notice convening the same, and only such matters as are so stated may be dealt with at that meeting.

Board of  
Directors

23. (a) Notwithstanding anything herein contained the subscribers to the application to register the Bank shall constitute the Board and act accordingly until the members of the first Board are elected and appointed.

(b) The Board shall consist of nine members six of whom shall be elected by the member credit unions and the remaining three shall be appointed by the Governor in Council and shall remain in office until elections or appointments as regards the respective offices are carried out or made.

(c) The elected members of the Board shall be chosen by ballot by and from the representatives of the member credit unions at an annual meeting; Provided that at the first meeting (organisational meeting) of the Bank to be held within three months after registration, two members of the Board shall be elected to serve until the first annual meeting, two members to serve until the second annual meeting, and two members to serve until the third annual meeting. Thereafter all elections shall be for terms of three years.

(d) A member elected to the Board shall not cease to be a member of the Board by reason merely of his ceasing to be a member of the credit union of which he was a representative but he shall retain office subject to the consent of such credit union.

(e) Subject as herein otherwise provided every member of the Board shall, unless he sooner dies, or sooner resigns his office or ceases to hold office for any cause or reason, by notice in writing to the Board, hold office from the date of his election or appointment for three years, but shall be eligible for re-election or re-appointment from time to time. In the event of a member dying or sooner resigning his office or ceasing to hold office the Board shall hold a by-election if such member was an elected member or shall notify the Colonial Secretary if such member was an appointed member.

(f) Any vacancy occurring among the elected members of the Board shall be filled by the remaining elected members from the accredited representatives of member credit unions but any person so selected shall retain the office so long as the vacating member would have retained the same if no vacancy had occurred. Thereafter a successor shall be elected in the ordinary way.

If a vacancy occurs among the appointed members of the Board the vacancy shall be filled by the Governor in Council.

(g) If any vacancy is not filled the acts of the remaining members shall not be thereby invalidated so long as the number of members shall not fall below five. The proceedings of the Board shall not be invalidated by any defect in the election of members to the Board or in the appointment of any members thereof.

(h) The Governor in Council may from time to time vary any appointment made by him to the Board and any member of the Board nominated by the Governor in Council may at any time by Order of the Governor in Council be removed from office and from the date of such order the member named therein shall cease to be a member.

(i) The Registrar or some person authorised by him shall at all times have a seat at the Board and be entitled to take part in its deliberations but shall not vote.

(j) No person shall be elected or appointed to the Board who is indebted to the Bank either as principal or who has become surety in respect of any loan.

(k) The Registrar shall be empowered to appoint any person who is a member of a credit union holding shares in the Bank to act temporarily as a member of the Board for and in the place of any member of the Board who owing to illness, accident or other good cause is unable to attend meetings of the Board or who is or may be absent from the Colony for a period of not less than one month.

24. It shall be the duty of the Board to have the general management of the affairs of the Bank, and in particular:

Powers and  
duties of the  
Board of  
Directors

- (1) to observe in all their transactions the Principal Ordinance, the Credit Union Societies (Amendment) Ordinance, 1952, the rules respectively thereunder applicable hereto and these rules;
- (2) to incur contingent expenditure in connection with the establishment and functions of the Bank;
- (3) to maintain the accounts of all moneys received and expended, and all stock bought and sold;
- (4) to maintain true accounts of the assets and liabilities of the Bank;
- (5) to deal with application for loans;
- (6) to facilitate the inspection of the books by those authorised to see them;
- (7) to maintain a register of members up to date;
- (8) to fix and determine the capital of the Bank from time to time and to issue new and transfer old shares;
- (9) to examine the maximum credit of member credit unions and other cooperative societies sanctioned by the Registrar and to reduce it if necessary;
- (10) to decide the terms on, the periods for, and the rates of interest at which loans are to be given and to arrange for the recovery of loans and interest;

- (11) to decide upon applications for membership and suspension and expulsion of member credit unions;
- (12) to recommend dividends on share holdings, consistent with these rules and the Principal Ordinance.
- (13) to decide the terms on, periods for, and the rates of interest at which deposits are to be received, and to arrange for the repayment or return of deposits;
- (14) to borrow money with the sanction of the Registrar, and to pledge the Bank's credit for such purposes;
- (15) through any member or officer or employee of the Bank to institute, conduct, defend, compromise, refer to arbitration, or abandon legal proceedings by or against the Bank or Board or officers or employees concerning the affairs of the Bank;
- (16) to examine the accounts and sanction contingent expenditure and supervise the maintenance of the prescribed registers;
- (17) to summon general meetings as required by these rules;
- (18) to arrange for an annual audit and to prepare and submit to a general meeting the annual report and balance sheet;
- (19) to appoint, dismiss, suspend, or punish salaried or unsalaried employees of the Bank;
- (20) The Board shall be at liberty at any time to refer any matter coming before it to the Registrar for his consideration, opinion or advice.
- (21) The Board shall have power to enter into contracts on behalf of the Bank. Such contracts shall bear on behalf of the Bank the signature of the president and of either the secretary or the treasurer, if any, of the Bank.
- (22) Any contracts so signed and/or executed shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such president, secretary or treasurer or that they or any of them were disqualified, be as valid and binding on the Bank and the member credit unions thereof as if every such person had been duly appointed and was duly qualified.
- (23) The Board shall take all measures to provide for the management of the affairs of the Bank, for which no provision is made for determination at a general meeting and not being inconsistent with the Principal Ordinance, the Credit Union Societies (Amendment) Ordinance, 1952, and these rules.

In their conduct of the affairs of the Bank the Board shall exercise the prudence and diligence of ordinary men of business, and shall be responsible for any loss sustained through acts contrary to the Principal Ordinance, the Credit Union Societies (Amendment) Ordinance, 1952, the rules respectively applicable thereunder or these rules.

Meetings of  
the Board

25. (1) (a) The Board shall consist of a president, two vice-presidents and six other members and shall meet as often as the business of the Bank may require, but not less than once fortnightly. At all meetings of the Board five members shall constitute a quorum.

(b) It shall be the duty of the president to preside at all general and special meetings of the accredited representatives of member credit unions and at meetings of the Board and to perform such other duties as may appertain to his office.

(c) It shall be the duty of a vice-president to perform the duties of the president in the event of the absence or disability of that officer and such other duties as may be assigned to him by the Board.

(d) At a meeting of the Board, the members present shall in the absence of the president and vice-presidents select a chairman. The chairman shall have a deliberative as well as a casting vote.

(e) If a member of the Board fails to attend four regular fortnightly meetings without tendering a proper and valid excuse for his absence, his office may be declared vacant and the vacancy shall be filled as herein provided.

(f) Directors shall not be eligible for loans from the Bank.

(2) All business discussed or decided at a meeting of the Board shall be recorded in a minute book.

26. A member of the Board shall cease to hold office if he:—

Vacation of office

- (1) ceases to be a member of the credit union which he represents, unless empowered by the said credit union to continue in his position;
- (2) is, or applies to be, adjudicated insolvent;
- (3) becomes of unsound mind;
- (4) is convicted of any offence involving dishonesty, or is imprisoned for three months;
- (5) holds any office or place of profit under the Bank or receives any honorarium therefrom;
- (6) being an elected member, fails, without any excuse approved by the Board, to attend four consecutive meetings.

27. (1) The Board shall be paid out of the funds of the Bank by way of remuneration for their services such sum or sums as the Bank at its Annual General Meeting may from time to time determine, and such remuneration shall be divided amongst them as they shall agree, or failing agreement, equally.

Board may employ officers and servants

(2) The Board may appoint and employ, at such remuneration and on such terms and conditions as it may think fit, such officers and servants as may be deemed necessary for the efficient administration of the Bank.

(3) The officers and servants of the Bank shall perform, execute and fulfil such functions and duties as may be assigned to them respectively by the Board, and be subject in all respects to the liabilities and obligations attaching to officers and servants of a credit union registered under the Principal Ordinance.

(4) The Board may require any officer or servant in the service of the Bank to give security to its satisfaction for the due execution of his duties and shall be entitled to promote and support schemes for the providing of guarantee and other funds in connection with the said officers and servants.

28. The powers and duties of the secretary, and of the assistant secretary, if any, under his control, shall be as follows:—

Powers and duties of secretary

- (1) to superintend the working of the office, and to be responsible for the proper and punctual maintenance of the accounts, including a cash book and a ledger showing the accounts of every shareholder, depositor, creditor, and borrower, and a stock register;
- (2) to maintain correctly and up to date the register of member credit unions and the share list;
- (3) to make loans that have been approved by the Board and to procure the security agreed upon;

- (4) to receive deposits and issue receipts as prescribed by the Board;
- (5) to receive money due to the Bank and give receipts;
- (6) to pay money due by the Bank;
- (7) to incur contingent expenditure subject to the sanction of the Board;
- (8) to sign on behalf of the Bank and conduct its correspondence;
- (9) to summon and attend General Meetings and Meetings of the Board;
- (10) to hold the seal of the Bank in safe custody;
- (11) generally to conduct the current business of the Bank and to perform all duties entrusted to him by the Board.

## Secrecy

29. All transactions of the Bank with member credit unions and non-members and all information respecting the Bank's business and affairs shall be held in the strictest confidence by all the members of the Board and the officers and servants of the Bank. Each officer and servant shall be required annually to sign a bond of secrecy to be prepared by the Registrar.

## Reserve Fund

30. (a) The Bank shall establish and maintain a reserve fund to which shall be carried annually at the close of its financial year for a period of ten years immediately following the registry of the Bank not less than three quarters of the net profits of the Bank. Subject as hereinafter provided under Rule 31 hereof the remainder of the Bank's net profit shall be credited to the member credit unions holding shares in the Bank proportionately as such shares are held. Thereafter part of the annual profits may be applied to the payment of dividend on shares not exceeding ten per centum per annum on the nominal value of each share.

(b) Separate accounts of the reserve fund shall be kept and such reserve fund may be applied against bad loans to member credit unions or losses incurred in the realization of approved investments, but the reserve fund shall not in any circumstances be distributable among member credit unions save on the liquidation of the Bank nor may advances or loans be made there-out to member credit unions.

(c) All moneys accruing to the reserve fund shall from time to time be invested by the Board in manner provided by section 42 of the Principal Ordinance.

## Education Fund

31. After carrying the annual allotted net profits of the Bank to the reserve fund and/or declaring a dividend the Board shall set aside a sum not exceeding five per cent. of its net profits in a special fund to be used for educational purposes.

This special fund shall be administered and applied by the Board for the use and benefit of the members of credit unions as the Board may in its absolute discretion think fit. The Board shall submit a report on its activities in connection with the application of this special fund to the representatives of member credit unions at each Annual General Meeting. All surplus monies of the fund shall be invested in trustee securities.

## Investments

32. The Bank may in addition to any powers, privileges and authorities specially assigned to it under and by virtue of the Credit Union Societies (Amendment) Ordinance, 1952, invest any part of its capital as directed by the Board:—

- (a) in or upon any security in which trustees for the time being are authorised by law to invest;
- (b) in the shares or on the security of any society registered under the Principal Ordinance or the Building Societies Ordinance; and
- (c) in the Post Office Savings Bank.

33. The Bank may be voluntarily dissolved by an instrument of dissolution with the consent of three-fourths of its members but only in the way and manner provided in section 59 of the Principal Ordinance. <sup>Voluntary</sup>  
dissolution

Passed in Council this fourth day of April in the year of  
Our Lord one thousand nine hundred and fifty-two.

T. F. FARRELL

*Clerk of the Council*