

RATIONALE FOR PROPOSED CHANGES TO BY-LAWS

AUGUST 2017

REF NO.	EXISTING BY-LAW	PROPOSED AMENDMENT	RATIONALE
1	No existing by-law to govern the movement of a former employee to the Board, Credit Committee or Supervisory Committee where said employee has been terminated	By-Law 9 (c) A former employee of the Society who was terminated from his employment with the society is not eligible to be elected to the Board of Directors, the Credit Committee or the Supervisory Committee within a period of five (5) years of his ceasing to be employed with the Society.	To adopt best practices with regard to Corporate Governance within the Society.
2	No existing by-law to govern the eligibility of persons who may otherwise qualify to be nominated, but have litigation pending against the society	By-Law 9 (d) Where a member has brought a claim, legal or arbitration action against the Society for whatever reason, he shall not be eligible to be nominated for any office within a period of five (5) years after that action has been decided, withdrawn or otherwise determined.	To adopt best practices with regard to Corporate Governance within the Society.
3	Existing by-law 11 (c) Any member of the Board of Directors shall be deemed to have vacated his office if: i. He resigns ii. He ceases to hold 10 qualifying shares. iii. Without due excuse approved by the Credit Committee he fails to attend three (3) consecutive meetings; iv. He enters into arrangement with his creditors, applies for bankruptcy or is declared bankrupt.	Amend by law 11(c) to read as follows. “Any member of the Board of Directors shall be deemed to have vacated his office if: xi. He resigns by sending written or e-mailed communication to the Society. xii. He ceases to hold 10 qualifying shares. xiii. Without due excuse approved by the Board he fails to attend three (3) consecutive meetings; xiv. He enters into arrangement with his creditors, applies for bankruptcy or is declared bankrupt. xv. He is convicted of an offence involving dishonesty; xvi. He becomes of unsound mind and has been found by a court in Barbados; xvii. He ceases to be a member of the Society. xviii. He becomes delinquent in his loan repayments to the Society for a period of ninety or more days; xix. He fails to attend at least one training course which is specific	To bring the by law in line with the requirement for each director to annually complete the declaration of secrecy form as well as to attend the first meeting following the annual general meeting. In addition sets requirement relative to members of the Board taking legal actions against the Society. In addition establishes the framework for the resignation of members

	<ul style="list-style-type: none"> v. He is convicted of an offence involving dishonesty; vi. He becomes of unsound mind and has been found by a court in Barbados; vii. He ceases to be a member of the Society. viii. He becomes delinquent in his loan repayments to the Society for a period of ninety or more days; ix. He fails to attend at least one training course which is specific to the functions of the Credit Committee and which is offered by the Society, the Barbados Cooperative and Credit Union League or an associated institution during the twelve month period subsequent to his election to the Committee and annually thereafter; or x. He fails to complete the Declaration of Secrecy form within thirty (30) 	<p>to the functions of the Board and which is offered by the Society, the Barbados Cooperative and Credit Union League or an associated institution during the twelve month period subsequent to his election to the Committee and annually thereafter;</p> <ul style="list-style-type: none"> xx. If he initiates a claim or pursues legal or arbitration action against the Society for whatever reason; xxi. He fails to complete the Declaration of Secrecy form annually within thirty (30) days subsequent to the date of the annual general meeting. 	<p>of the Board.</p>
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	days of being elected.		
4	Existing by-law 11(g) (i) At its first meeting after the annual general meeting, the Board shall elect a President, Vice- President, Treasurer and Assistant Secretary.	Amend by law 11(g)(i) to read as follows: “The Chief Executive Officer or his designee shall convene the first meeting of the Board of Directors which shall be attended by all members of the Board, within thirty (30) days following the date of the Annual General Meeting, whereupon a President, Vice-President, Treasurer, Secretary and Assistant Secretary shall be elected.”	To tighten up by law with regard to the convening and attendance of members elected to the Board of Directors at the first meeting following the Annual General Meeting.
5	Existing by-law 11(g) (ii) The Board may appoint the General Manager as Secretary, in which case he shall not be entitled to vote at Board meetings.	Amend by law 11(g) (ii) to read as follows: 11 g) (ii) The Board may appoint the Chief Executive Officer as Secretary, in which case he shall not be entitled to vote at Board meetings. 11 g) (iii) The Board may appoint the Chief Financial & Risk Officer or his designee as Treasurer, in which case he shall not be entitled to vote at Board meetings.	To amend by-laws to reflect the change in the organisation structure of the Society.
6	Existing by-law 11 k reads as follows: “Any person who has been removed from the Board of Directors, Credit or Supervisory Committee for whatever reason is not eligible to be elected to the Board of Directors, Credit or Supervisory Committee within a period of two (2) years of his removal”.	Amend by law 11 (k) to read as follows: “Any person who has been removed from the Board of Directors, Credit or Supervisory Committee for whatever reason is not eligible to be elected to the Board of Directors, Credit or Supervisory Committee within a period of five (5) years of his removal”.	To bring by-law in line with requirement for by law 11 (j) as amended.
7	No existing by-law to govern	Amend by law 13 to read as follows:	To amend the by-laws

	the convening of the first meeting of the Credit Committee following the conclusion of the annual general meeting.	13 (d)(i) “The Chief Operations Officer or his designee shall convene the first meeting of the Credit Committee which shall be attended by all members of the Committee, within seven (7) days following the date of the Annual General Meeting, whereupon a Chairman and Secretary shall be elected and shall meet at least weekly unless there is no business to transact.”	to address convening of the first meeting following the Annual General Meeting.
8	No existing by-law regarding the use of telecommunication systems to facilitate meetings of the Credit Committee	13(d)(ii) For the purpose of this by-law, where all Credit Committee members consent, a meeting of the Credit Committee (except the first meeting after the annual general meeting) may be held by means of a telephone system or a communication facility other than a telephone which permits all persons participating in the meeting to hear and speak with each other; and a person so participating is deemed to be present at that meeting.	To embrace technology and facilitate meetings of Credit Committee members via telecommunication systems
9	No existing by law to govern the frame work for which members of the Credit Committee is deemed to have vacated his office	Insertion of By- Law 13(c) to read as follows: Any member of the Credit Committee shall be deemed to have vacated his office if: xxii. He resigns by sending written or e-mailed communication to the Society. xxiii. He ceases to hold 10 qualifying shares. xxiv. Without due excuse approved by the Credit Committee he fails to attend three (3) consecutive meetings; xxv. He enters into arrangement with is creditors, appliers for bankruptcy or is declared bankrupt. xxvi. He is convicted of an offence involving dishonesty; xxvii. He becomes of unsound mind and has been found by a court in Barbados; xxviii. He ceases to be a member of the Society.	To adopt best practices with regard to Corporate Governance within the Society and to clearly articulate the circumstances in which a member of the Credit Committee is deemed to have vacated his office.

		<p>xxix. He becomes delinquent in his loan repayments to the Society for a period of ninety or more days;</p> <p>xxx. He fails to attend at least one training course which is specific to the functions of the Credit Committee and which is offered by the Society, the Barbados Cooperative and Credit Union League or an associated institution during the twelve month period subsequent to his election to the Committee and annually thereafter;</p> <p>xxxi. He initiates a claim or pursues legal or arbitration action against the Society for whatever reason; or</p> <p>xxii. He fails to complete the Declaration of Secrecy form within seven (7) days subsequent to the date of the annual general meeting.</p>	
10	By law 13 (e) reads as follows: “Any person who has been removed from the Board of Directors, Credit or Supervisory Committee for whatever reason is not eligible to be elected to the Board of Directors, Credit or Supervisory Committee within a period of two (2) years of his removal”.	Amend by law 13 (e) to read as follows: “Any person who has been removed from the Board of Directors, Credit or Supervisory Committee for whatever reason is not eligible to be elected to the Board of Directors, Credit or Supervisory Committee within a period of five (5) years of his removal”.	To bring by law in line with requirement for by law 11 (j) as amended.
11	No existing by-law to govern the frame work for which members of the Supervisory Committee is deemed to have vacated his office	By Law 14 (c) Any member of the Supervisory Committee shall be deemed to have vacated his office if: <p>xxiii. He resigns by sending written or e-mailed communication to the Society.</p> <p>xxiv. He ceases to hold 10 qualifying shares.</p> <p>xxv. Without due excuse approved by the Supervisory Committee he fails to attend three (3) consecutive meetings;</p> <p>xxvi. He enters into arrangement with is creditors, applies for</p>	To adopt best practices with regard to Corporate Governance within the Society and to clearly articulate the circumstances in which a member of the Credit Committee is deemed to have vacated his office

		<p>bankruptcy or is declared bankrupt.</p> <p>xvii. He is convicted of an offence involving dishonesty;</p> <p>xviii. He becomes of unsound mind and has been found by a court in Barbados;</p> <p>xxix. He ceases to be a member of the Society.</p> <p>xl. He becomes delinquent in his loan repayments to the Society for a period of ninety or more days;</p> <p>xli. He fails to attend at least one training course which is specific to the functions of the Credit Committee and which is offered by the Society, the Barbados Cooperative and Credit Union League or an associated institution during the twelve month period subsequent to his election to the Committee and annually thereafter;</p> <p>xlii. He initiates a claim or pursues legal or arbitration action against the Society for whatever reason; or</p> <p>xliii. He fails to complete the Declaration of Secrecy form within thirty (30) days subsequent to the date of the annual general meeting.</p>	
12	No existing by-law regarding movement from the Board of Directors or Credit Committee to the Supervisory Committee	<p>New By-Law 14(d)</p> <p>Any Director or member of the Credit Committee who voluntarily resigns or whose term comes to an end by rotation is not eligible to be elected to the Supervisory Committee within a period of three (3) years of his departure from the Board or Credit Committee.</p>	To adopt best practices with regard to Corporate Governance within the Society.

13	No existing by law to govern the convening of the first meeting of the Supervisory Committee following the conclusion of the annual general meeting.	Amend by law 14 to read as follows: 14 (f)(i) “The Chief Internal Auditor or his designee shall convene the first meeting of the Supervisory Committee which shall be attended by all members of the Committee within thirty (30) days following the date of the Annual General Meeting, whereupon a Chairman and Secretary shall be elected.”	To amend the by-laws to address convening of the first meeting following the Annual General Meeting.
14	No existing by-law regarding the use of telecommunication systems to facilitate meetings of Supervisors	14(f)(ii) For the purpose of this by-law, where all Supervisors consent, a meeting of the Supervisory Committee (except the first meeting after the annual general meeting) may be held by means of a telephone system or a communication facility other than a telephone which permits all persons participating in the meeting to hear and speak with each other; and a person so participating is deemed to be present at that meeting.	To embrace technology and facilitate meetings of Supervisors via telecommunication systems
15	By-law 14(l) “The Supervisory Committee shall be entitled to be represented at any official meeting of the Board of Directors to observe the proceedings and shall be entitled to receive reports and other documents provided to or prepared for the Board.”	Removal of this by-Law	This provision is inconsistent with the audit function of the Supervisory Committee which comes after Board decisions are made.
16	Existing by-law provides for a maximum loan limit of	By-Law 15(b) The Society shall not grant to one (1) member or group that is related	To provide for an increase in the

17	<p>\$600,000 for individual members and \$800,000 for joint members</p> <p>No existing by-law to address credit being offered to subsidiaries/affiliates; companies with which elected officers are affiliated or where elected officers act as guarantors.</p>	<p>to another member or group, any loan or give any financial guarantee or incur any other liability on behalf of such member or group so that:</p> <ul style="list-style-type: none"> i. The total value of the advances, credit facilities, financial guarantees or other liabilities at any time exceed 2.5 % of the most recent audited realized reserves and undivided surplus and total share savings held by the members of the Society. ii. Where a portion of the facilities referred to above is unsecured, that portion exceeds 0.125 % of the most recent audited realized reserves and undivided surplus and total share savings held by members of the Society. iii. Notwithstanding subsection 11 above the total value of unsecured loans of the Society shall not exceed 20.0 % of the total loans, advances and guarantees owing by members. <p>By Law 15(c)</p> <p>The Society shall not grant credit facilities on terms and conditions more favorable than the terms and conditions generally applicable to borrowing members to:</p> <ul style="list-style-type: none"> i. Any subsidiary or affiliate. ii. Any firm in which any elected officer or employee or the immediate relative of such elected officer or employee has an interest or controls 20 % or more of the voting shares. iii. Any member if the credit facilities are guaranteed by an elected officer, or any immediate relative of an employee or elected officer. 	<p>maximum loan amount relative to the performance of the credit union bearing in mind the strategic plan of increasing corporate products and services.</p> <p>To adopt best practices with respect to transparency, accountability and corporate governance in lending services</p>
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