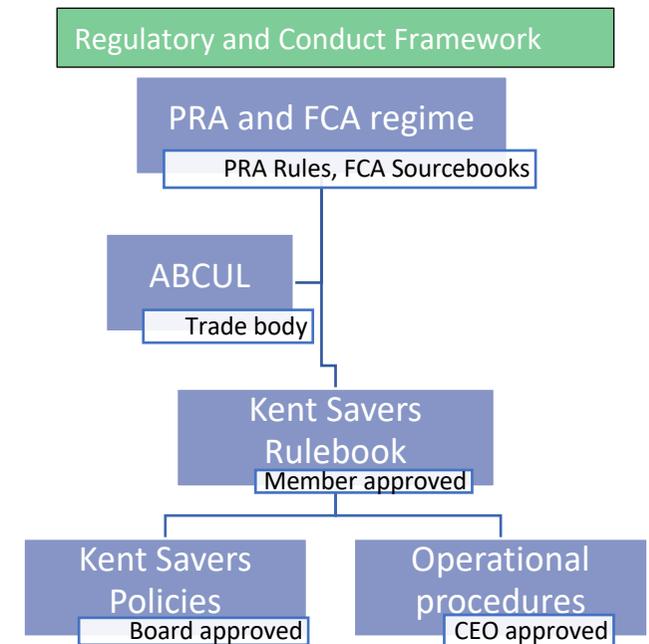


These changes are proposed for Board consideration and approval. By way of background:

- The Rulebook is an important guide for our business that must reflect the current standards and requirements we are required to operate to.
- The Rulebook must be able to readily react to any changes that are required from our dual regulators, the PRA and the FCA, as well as ABCUL.
- The regulation and our Rulebook must also provide guidance towards the policies and procedures that guide our day to day operations (to be reviewed and updated by Oct 2020).
- The last rulebook update was in 2012, since then there have been many significant changes:
 - FCA and PRA formed, and their new rules and requirements regime is now in force; PRA has specific rules implemented for credit unions (<http://www.prarulebook.co.uk/rulebook/Content/Part/320139>).
 - GDPR has been introduced.
 - Money Laundering law has been updated.
 - Specific legislation governing Credit Unions has also been replaced in connection with the FCA.
- Any changes to our Rulebook will be sent to ABCUL for their review once we have Board approval. We will ask ABCUL if we can utilise their Free Rules Service for Members to manage the changes.
- We will need to ratify any changes the Board agrees at the AGM on 30 April 2019.

Summary of type of changes proposed:

1. Required due to regulatory or legislative change or update
2. Proposal to relocate any £ or % measurable criteria that are cited in the PRA rulebook to Kent Savers' policies instead of our Rulebook so that we can more readily and consistently apply changes in the future. Note that the Board's plans to review our policies, and will prioritise those where affected by the relocation of PRA rulebook content
3. A small number of other changes to address any insignificant reference or typographical errors or inconsistencies
4. One change, see item 13 below, which removes language suggesting we may offer our employees more favourable terms than our members



No.	Action	Type	Reason for change	Rules affected
1	Replace references to Financial Services Authority with the Prudential Regulatory Authority and the Financial Conduct Authority	Regulatory	PRA and FCA are dual regulators for the Credit Union sector and replaced the FSA in Apr2013	<ul style="list-style-type: none"> - Relevant Authority definition - Front page summary of governance
2	Update Money Laundering references to Sanctions and Anti-Money Laundering Act 2018	Legislative	Sanctions and Anti-Money Laundering Act 2018 replaced Money Laundering Act 2008	<ul style="list-style-type: none"> - Money Laundering definition - Reference in Rule 21.9 - Reference in Rule 122(f)
3	Update references to [Friendly] and Industrial and Provident Societies Act 1965 to Co-operative and Community Benefit Societies Act 2014	Legislative	Co-operative and Community Benefit Societies Act 2014 replaced [Friendly] and Industrial and Provident Societies Act 1965	<ul style="list-style-type: none"> - Industrial and Provident Societies Act 1965 definition - Front page summary of governance, including a reference to the Mutuels Public Register (also affecting Rule 19) - Reference in Rule 140 - Reference in Rule 159 - Reference in Rule 160.2
4	Including within the defined term of Data Protection Law (i) a reference to the European Union's General Data Protection Regulation (GDPR), (ii) as well as the Data Protection Act 2018 (updated from 1998)	Legislative	Data Protection Act updated to 2018 European Union's General Data Protection Regulation (GDPR) introduced in 2018	<ul style="list-style-type: none"> - Data Protection Law definition - Reference in Rule 138
5	References to Approved Person updated to Senior Manager, with defined term and associated language updated	Regulatory	FCA introduced the Senior Manager Regime to replace Approved Persons, and it came into effect in March 2016	<ul style="list-style-type: none"> - Senior Manager definition replacing Approved Persons definition - References in Rule 63, 86, 87, 101, 104, 111 and 137 (notes: (i) 64 and 65 have been amended to 'directors', (ii) including a reference to the relevant section and handbook
6	"ABCUL" included within description of defined term of "Association"	Reference update	To clarify and connect references to 'ABCUL' that are present in the 2012 rulebook	<ul style="list-style-type: none"> - Association definition
7	Add reference under 'Objects' to other financial services that Kent Savers provides to its members	Reference update	Kent Savers provides other services such as payroll deduction, current accounts etc which were not referenced in 2012 version	<ul style="list-style-type: none"> - Rule 3(e)

No.	Action	Type	Reason for change	Rules affected
8	Add responsibility of the Board that Kent Savers operates in accordance with the requirements of the regulatory authorities	Regulatory	It is mandatory that the Board complies, and the requirement should be referenced in the Rulebook (and feed into terms of reference)	- Rule 4
9	Add a defined term for Housing Associations in general instead of listing individual firms in the Rulebook	Move dynamic detail to Policy documents	To allow the Rulebook to remain current in the event of new firms are created or mergers/acquisitions take place. To simplify previous drafting that employees of Housing Associations may become Members	- Rules 7 (d), (e), (f)
10	Move certain quantified and actionable criteria to the relevant Policy documents, updated as necessary as a matter of priority	Move dynamic detail to Policy documents	To allow the Rulebook to remain current in the event of the regulating authorities issuing amend rules of these criteria, and for the business to respond expediently	- Rule 8 (expulsion process language to be merged with section 20-22, amended as needed) - Rule 15 – junior saver shareholding limit criteria - Rules 47 & 48 – shareholding limit criteria
11	Policy referencing to add clarity to operational procedures – as listed here	Reference update	Reference deceased policy Reference deceased, bankrupt and insolvent policies Remove operational language from the Incapacity Rule and replace with reference to Mental Health and Capacity policy	- Rule 10 - Rule 151 - Rule 152
12	Rule referencing for completeness	Reference update	Add Rules 25 & 26 (expulsion) to referenced Rules in an expulsion provision Define term for FOS (Financial Ombudsman Service) and reference that in Rule 159, together with the ‘final’ decision being given by FOS, as per their process	- Rule 34 (c) - Rule 158
13	Remove language which suggests a paid employee of the Credit Union may receive more favourable terms than other members	Director proposal	It is inappropriate that employed members should be treated advantageously compared to others of a similar risk profile and in a similar product channel.	- Rule 64
14	Amend Incapacity clause to state that we’ll act in accordance with principles and requirements of the Regulatory Authority (CONC 8.2.7R) and best practice as set out in the Credit Union’s policy	Regulatory	Current wording is very out of date given accepted good practice regarding identification and treatment of vulnerable (including incapacitated) customers	- Clause 152

Summary of proposed changes to Rulebook – March 2019

No.	Action	Type	Reason for change	Rules affected
14	Less significant tidying of language and syntax in the Rulebook – as listed here	Reference update	References to Deposits to be capitalised Append 'or any successor legislation' to a standing CUA Act reference Replacing 'he or she' with they Removing unnecessary spaces, hyphens, commas etc Clarifying that this proposed update remains 'based on' the ABCUL 2012 Rules	- Rule 13 - Rule 22 - Rules 87, 93, 114, 117, 134, 135 - Rules 16, 22, 25, 68, 89, 105, 113, 116, 122(aa), 132 - First page
15	Table of contents to be updated and definitions table to be resequenced once agreed changes are made;	Reference update	Good practice	- Table of contents and definitions table
16	'Upper Threshold' for number of Non-Qualifying and Qualifying members to be amended to a defined term	Director proposal	To allow for flexibility of any future actual ratio change, whether regulator or director driven	- Rule 12