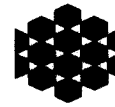


From the Office of the Minister



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Committee for Enterprise, Trade and Investment  
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Stormont  
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1<sup>st</sup>  
October 2010

*Dear Alban,*

**REFORM OF NI CREDIT UNIONS: GB TERRORIST ASSET-FREEZING  
BILL – LEGISLATIVE CONSENT MEMORANDUM [CLAUSE TO  
TRANSFER CURRENT DETI RESPONSIBILITIES IN COUNTER-TERRORISM  
ACT 2008 (CTA2008) TO FINANCIAL SERVICES AUTHORITY**

I attach for your information a copy of the Legislative Consent Memorandum in respect of a motion which I propose to bring to the Assembly on Monday 11 October 2010.

The motion will seek the Assembly's approval for the inclusion of a clause in relation to NI credit unions in the GB Terrorist Asset-Freezing Bill for the consideration of the UK Parliament.

*Sincerely,*

**ARLENE FOSTER MLA**  
Minister of Enterprise, Trade and Investment

## LEGISLATIVE CONSENT MEMORANDUM

### TERRORIST ASSET-FREEZING ETC BILL [GB]

1. The draft motion, which will be tabled by the Minister of Enterprise, Trade and Investment on 11 October is:

***“That this Assembly agrees that the provision in the Terrorist Asset-Freezing etc Bill dealing with Northern Ireland credit unions, which is contained in clause 45 of the Bill as introduced in the House of Lords, should be considered by the UK Parliament.”***

#### Background

2. Policy relating to NI Credit unions is a transferred matter. The Department of Enterprise, Trade and Investment (DETI) is responsible for their registration and regulation under the Industrial & Provident Societies Act (Northern Ireland) 1969 and the Credit Unions (Northern Ireland) Order 1985. As a consequence, paragraphs 18(1)(d) and 39(2)(d) of the Counter-Terrorism Act 2008 (CTA2008), which extends UK-wide, appoints DETI as both an enforcement and a supervisory authority in relation to NI credit unions with regard to terrorist financing and money laundering activities.
3. The inclusion of paragraph 18(1)(d) and 39(2)(d) in CTA2008 was sanctioned by the Minister of Enterprise, Trade and Investment, following the approval of the First Minister and deputy First Minister during a period in 2008 when no meetings of the Executive were scheduled. The Minister subsequently made a statement to the Assembly on 24 November 2008 outlining the circumstances of the approval and explaining why, due to the time constraints imposed by Treasury, she was unable to seek the consent of the Assembly to the inclusion of the paragraphs via a Legislative Consent Motion at that time.
4. Since the CTA2008 came into force, the ETI Committee, in the Report of its Inquiry into the Role and Potential of Credit Unions in Northern Ireland, published in February 2009, recommended that, to enable local credit unions to expand the range of services they can offer to their members and to enable the members to access the Financial Services Compensation Scheme and the Financial Ombudsman Service, responsibility for regulating credit unions should transfer from DETI to the Financial Services Authority (FSA). This will, in turn, necessitate the transfer to the FSA of DETI's enforcement and supervisory responsibilities under CTA2008.

#### Current Position

5. It is current Government policy that only related and appropriate subjects are included in upcoming Bills. The Terrorist Asset-Freezing etc Bill, which is presently before the House of Lords, is considered the most suitable legislative vehicle to amend the NI provisions in CTA2008 and thus effect the transfer of DETI's enforcement and supervisory responsibilities to the FSA.

This will be done via clause 45, which will omit paragraphs 18(1)(d) and 39(2)(d) of Schedule 7 to the 2008 Act.

6. However, the final effective operational date for clause 45 will be dependent upon the timescale for the introduction of the other various measures required to allow the FSA to assume responsibility for the regulation (and registration) of NI credit unions. This is unlikely to happen before the end of 2011.
7. The draft Terrorist Asset-Freezing etc Bill and the Counter-Terrorism Act 2008 can be found respectively at:

<http://services.parliament.uk/bills/2010-11/terroristassetfreezingetchl.html>

[http://www.legislation.gov.uk/ukpga/2008/28/pdfs/ukpga\\_20080028\\_en.pdf](http://www.legislation.gov.uk/ukpga/2008/28/pdfs/ukpga_20080028_en.pdf)

### **Advantages of using the Terrorist Asset Freezing etc Bill**

8. CTA2008 can only be amended by the UK parliament and the Terrorist Asset-Freezing etc Bill is considered the only suitable piece of legislation to carry the amendment into effect within the required timeframe. The transfer of DETI's responsibilities to the FSA under this Bill will have no impact on the "transferred" status of credit unions under the Northern Ireland Act 1998.

### **Consultation**

9. The Bill was the subject of a UK-wide Treasury consultation exercise between 18 March and 18 June 2010, but no comments were received from any NI-based individuals or organisations. However, the Ulster Federation of Credit Unions and the Irish League of Credit Unions were consulted individually by DETI officials about the proposed future transfer of DETI's enforcement and supervisory responsibilities in relation to these matters to the FSA, and both organisations are content.

### **Financial Effects**

10. The Bill will have no cost implications for Northern Ireland.

### **Equality Impact Assessment**

11. Clause 45 in the Bill will have no equality implications for any groups in Northern Ireland.

**Department of Enterprise, Trade and Investment  
October 2010**