

Credit Unions and Co-operative and Community Benefit Societies Bill

[AS AMENDED AT CONSIDERATION STAGE]

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A

BILL

TO

Make provision about credit unions and co-operative and community benefit societies; and for connected purposes.

BE IT ENACTED by being passed by the Northern Ireland Assembly and assented to by Her Majesty as follows:

Credit Unions

Corporate members of credit unions

1.—(1) In Article 2(2) of the 1985 Order (interpretation) at the appropriate places insert—

5 ““body corporate” includes a partnership regarded as a legal person under the law of the country or territory in which it was established;”;

““corporate member”, in relation to a credit union, means—
10 (a) a body corporate that is a member of the credit union,
(b) an individual who is a member of the credit union in the individual’s capacity as a partner in a partnership, or
(c) an individual who is a member of the credit union in the individual’s capacity as an officer or member of the governing body of an unincorporated association;”;

15 ““partnership” means a partnership not regarded as a legal person under the law of the country or territory in which it was established;”.

(2) In Article 14 of that Order (membership) for paragraph (1) substitute—

20 “(1) The following may be members of a credit union—
(a) an individual (acting on his or her own behalf);
(b) if, and to the extent, permitted by virtue of Article 14A—
(i) a body corporate;
(ii) an individual acting in the capacity as a partner in a partnership;

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(iii) an individual acting in the capacity as an officer or member of the governing body of an unincorporated association.”.

(3) After that Article insert—

“Corporate members

5 14A.—(1) A credit union may admit persons of a kind mentioned in Article 14(1)(b)(i) to (iii) (persons who will, if admitted, be corporate members) if its rules so provide.

(2) The number of corporate members of a credit union must not exceed 10% of the total number of members.

10 (3) For the purposes of paragraph (2) the number of corporate members and the total number of members are to be determined in accordance with Article 13(1A) and (1B) (membership rules: treatment of corporate members).

(4) The number of shares in a credit union allotted to corporate members must not exceed 25% of the total number of allotted shares.

(5) For the purposes of paragraph (4) the total number of allotted shares is the total found in the most recent year-end balance sheet submitted to the appropriate authority.

20 (6) Where shares are allotted to an individual who is a corporate member, then for the purpose of determining the amount of the interest in the shares of the credit union held by each of its members—

(a) the partnership or, as the case may be, the unincorporated association is to be treated as a member holding the shares, and

(b) the shares are not to be treated as being held by the individual.

25 (7) The Department may by order substitute for the percentage for the time being specified in paragraph (2) or (4) such other percentage as it considers appropriate.”.

Removal of restriction on non-qualifying members of a credit union

2. In Article 14 of the 1985 Order (membership and voting rights)—

30 (a) in paragraph (5) omit “, subject to paragraph (6),”;

(b) omit paragraph (6).

Interest-bearing shares

3.—(1) In Article 2(2) of the 1985 Order at the appropriate place insert—

35 ““interest-bearing share” means a share issued on terms which entitle the holder to interest but not to a dividend;”.

(2) After Article 23 of that Order insert—

“Power to issue interest-bearing shares

23A.—(1) A credit union may issue interest-bearing shares if—

(a) its rules so provide,

40 (b) its most recent year-end balance sheet shows that it holds reserves of at least the threshold amount,

(c) its auditors have made a report under Article 47 on that balance sheet,

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(d) it has given the appropriate authority a copy of the balance sheet, and

(e) it has given the appropriate authority a copy of a relevant report, made after the date of the balance sheet.

5 (2) The “threshold amount” is whichever of the following is greater—

(a) £50,000;

(b) 5% of the credit union’s total assets.

10 (3) A “relevant report” is a report made by the auditors appointed to audit the credit union’s accounts and balance sheet, stating that in their opinion the credit union satisfies such conditions as are specified by the appropriate authority for the purposes of this paragraph.

(4) The Department may by order substitute for the amount or percentage for the time being specified in paragraph (2) such other amount or percentage as it considers appropriate.

15 **Duties where interest-bearing shares have been issued**

23B.—(1) This Article applies to a credit union that has issued interest-bearing shares.

20 (2) The credit union must give the appropriate authority a relevant report each year, by the date specified by the appropriate authority for the purposes of this paragraph.

(3) The credit union must convert any interest-bearing shares in issue into shares that are not interest-bearing if—

25 (a) its rules cease to provide for the issue of interest-bearing shares,

(b) neither its most recent year-end balance sheet nor the year-end balance sheet preceding it shows that the credit union holds reserves of at least the threshold amount,

(c) neither of those balance sheets was given to the appropriate authority by the specified date, or

(d) for two consecutive years it has not complied with paragraph (2).

30 (4) In this Article—

“relevant report” and “threshold amount” have the same meaning as in Article 23A;

35 “specified date”, in relation to a credit union’s year-end balance sheet, means the date by which rules under the 2000 Act require the credit union to give a copy of the balance sheet to the appropriate authority.”.

Attachment of shares

4. —(1) In Article 23 of the 1985 Order (shares)—

40 (a) in paragraph (3) after “paragraph (4)” insert “and Article 28(1E)”;

(b) for paragraph (4) substitute—

“ (4) Where a credit union has made a loan to a member which is treated by virtue of Article 28A as a secured loan, the member must not be permitted to withdraw shares if the member’s shareholding is (or following withdrawal would be) less than the member’s total liability.

45 (5) In paragraph (4)—

(a) the member’s “shareholding” is the member’s paid-up shareholding in the credit union;

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(b) the member's "total liability" is the member's total liability (including contingent liability) to the credit union whether as borrower, guarantor or otherwise;

5 (c) where the loan has been made to an individual in his or her capacity as a corporate member, the member's "shareholding" and "total liability" are any shareholding and total liability in that capacity."

(2) In Article 28 of that Order (loans by credit unions) after paragraph (1D) (inserted by paragraph 9 of Schedule 1) insert—

10 "(1E) The terms of a loan made from a credit union to a member (other than a loan treated by virtue of Article 28A as a secured loan) must state whether, for the duration of the loan, the borrower is permitted to withdraw shares where the borrower's shareholding is (or following withdrawal would be) less than the borrower's total liability.

15 (1F) In paragraph (1E)—

(a) the borrower's "shareholding" is the borrower's paid-up shareholding in the credit union;

(b) the borrower's "total liability" is the borrower's total liability (including contingent liability) to the credit union whether as borrower, guarantor or otherwise;

20 (c) where the loan is made to an individual in his or her capacity as a corporate member, the borrower's "shareholding" and "total liability" are any shareholding and total liability in that capacity."

Supply by credit union of copies of its rules

25 **5.** In Article 12 of the 1985 Order (provision of copies of rules) for paragraph (1) substitute—

"(1) A credit union must, on demand, give a copy of its registered rules—

30 (a) free of charge to any member of the credit union who has not previously been given a copy of those rules;

(b) to any other person upon payment of such fee (not exceeding £5) as the credit union may determine.

(1A) The Department may by regulations substitute for the amount for the time being specified in paragraph (1)(b) such other amount as it considers appropriate."

Application of surplus funds for social, cultural or charitable purposes

6. In Article 36(5) of the 1985 Order (restriction on application of surplus for social, cultural or charitable purposes) omit "of not less than 3 per cent per annum (or such other rate as an order may specify)".

Application of directors disqualification provisions to credit unions

7. In the Company Directors Disqualification (Northern Ireland) Order 2002 after Article 25A insert—

"Application of Order to credit unions

25B.—(1) This Order applies to credit unions as it applies to companies.

45 (2) Accordingly, in this Order—

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- (a) references to a company include a credit union,
- (b) references to a director of a company include a member of the board of directors of a credit union, and
- (c) references to an officer of a company include an officer of a credit union.

5 (3) In its application in relation to credit unions, this Order has effect as if—

- (a) in Article 5(1) the reference to striking off included the cancellation of the registration of a credit union under the 1985 Order;
- 10 (b) in Articles 6(1) and 8(1) references to the companies legislation included the 1985 Order;
- (c) Articles 11A to 11E were omitted;
- (d) references to the registrar were to the registrar as defined in Article 15 2A of the 1985 Order;
- (e) references to a shadow director were omitted.

(4) In this Article—

“board of directors”, “credit union” and “officer” (in relation to a credit union) have the meaning given by Article 2(2) of the 1985 Order;

20 “the 1985 Order” means the Credit Unions (Northern Ireland) Order 1985.”.

Co-operative and Community Benefit Societies

Registration of societies as co-operative or community benefit societies etc.

25 **8.**—(1) In the 1969 Act for section 1 (societies which may be registered) substitute—

“Societies that may be registered

1.—(1) A society for carrying on any industry, business or trade (including dealings of any kind with land) that meets the conditions in subsection (2) may be registered under this Act as—

- (a) a co-operative society, or
- (b) a community benefit society.

(2) The conditions are—

(a) that it is shown to the satisfaction of the registrar—

- (i) in the case of registration as a co-operative society, that the society is a bona fide co-operative society, or
- (ii) in the case of registration as a community benefit society, that the business of the society is being, or is intended to be, conducted for the benefit of the community,

(b) that the society’s rules contain provision in respect of the matters mentioned in Part 1 of Schedule 1, and

(c) that the place that under those rules is to be the society’s registered office is in Northern Ireland.

(3) Subsection (1) is subject to—

- (a) section 2 (minimum number of members of a society);
- (b) section 7(1) (society with withdrawable share capital not to be registered with the object of carrying on the business of banking).

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(4) For the purposes of subsection (2)(a)(i) “co-operative society” does not include a society that carries on, or intends to carry on, business with the object of making profits mainly for the payment of interest, dividends or bonuses on money invested or deposited with, or lent to, the society or any other person.

Meaning of “registered society”

1A.—(1) In this Act “registered society” means—

(a) a society registered under this Act as a co-operative or community benefit society, or

(b) a society that was registered or treated as registered under this Act (otherwise than as a credit union) immediately before section 8 of the Credit Unions and Co-operative and Community Benefit Societies Act (Northern Ireland) 2015 came into operation.

(2) Nothing in that section affects the status of a society within subsection (1)(b) (a “pre-2015 Act society”) as registered or treated as registered under this Act.”.

(2) Accordingly, the legislation mentioned below may be cited by the new short title or title indicated.

<i>Existing short title or title</i>	<i>New short title or title</i>
Industrial and Provident Societies Act (Northern Ireland) 1969	Co-operative and Community Benefit Societies Act (Northern Ireland) 1969
Industrial and Provident Societies (Amendment) (Northern Ireland) Order 1976	Co-operative and Community Benefit Societies (Northern Ireland) Order 1976
Industrial and Provident Societies (Northern Ireland) Order 2006	Co-operative and Community Benefit Societies (Northern Ireland) Order 2006

Members under 18 years old

9. In the 1969 Act for section 19 (members under age of 18) substitute—

“Members under age of 18

19.—(1) A person under the age of 18 may be a member of a registered society unless the society’s registered rules provide otherwise.

(2) A person under the age of 18—

(a) may enjoy all the rights of a member of a registered society, and

(b) if aged 16 or over, may execute all instruments and give all receipts necessary to be executed or given under a society’s registered rules.

This is subject to the society’s registered rules and to the provisions of this Act.

(3) A person under the age of 16 may not be a member of a registered society’s committee or a trustee, manager or treasurer of a registered society.”.

Limits on holding shares

10.—(1) Section 6(1) of the 1969 Act (maximum shareholding in society) is amended as follows.

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(2) After “any interest in the” insert “withdrawable”.

(3) For “twenty thousand pounds” substitute “£100,000”.

(4) The amendment made by subsection (3) does not restrict the power conferred by section 4 of the Industrial and Provident Societies (Amendment) (Northern Ireland) Order 1976 (power to alter limit specified in section 6(1) of the 1969 Act).

Year of account

11. In the 1969 Act after section 36 insert—

“Year of account (existing societies)

10 36A.—(1) This section applies to a registered society that was registered before the day this section comes into operation.

(2) The society’s year of account begins—

(a) in the case of its first year of account, with the date of the society’s registration;

15 (b) in any other case, immediately after the end of its previous year of account.

(3) The society’s year of account ends—

(a) with the date of the last balance sheet published by the society in the relevant period, or

20 (b) if no balance sheet is published in that period, with the 31 December in that period.

(4) The “relevant period”—

(a) begins with the 31 August following the beginning of the year of account, and

25 (b) ends with the following 31 January.

(5) The society may by notice to the registrar alter the date on which its current and subsequent years of account end to a date other than that provided for by subsection (3).

30 (6) A notice under subsection (5) must state whether it extends or shortens the current year of account.

(7) A notice extending the current year of account has no effect if—

(a) it is given less than 5 years after the end of a year of account that was extended under this section, or

35 (b) it would extend the year of account so that it would exceed 18 months.

(8) If the society is dissolved by an instrument of dissolution under section 66A, its last year of account ends with the date of the instrument of dissolution.

Year of account (new registrations)

40 36B.—(1) This section applies to a registered society that is registered on or after the day this section comes into operation.

(2) The society’s first year of account is the period of more than 6 months but not more than 18 months that—

(a) begins with the date of the society’s registration, and

45 (b) ends with its accounting reference date.

(3) Each subsequent year of account—

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(a) begins immediately after the end of the previous year of account,
and

(b) ends with its next accounting reference date.

5 (4) In each calendar year, the society's "accounting reference date" is
(subject to subsection (5)) the last day of the month in which the
anniversary of the society's registration falls.

(5) The society may by notice to the registrar specify a new accounting
reference date having effect in relation to its current and subsequent years
of account.

10 (6) A notice under subsection (5) must state whether the current year of
account—

(a) is to be shortened, so as to come to an end on the first occasion on
which the new accounting reference date falls or fell after the
beginning of the year of account, or

15 (b) is to be extended, so as to come to an end on the second such
occasion.

(7) A notice extending the current year of account has no effect if—

(a) it is given less than 5 years after the end of a year of account that
was extended under this section, or

20 (b) it would extend the year of account so that it would exceed 18
months.

(8) If the society is dissolved by an instrument of dissolution under
section 66A, its last year of account ends with the date of the instrument of
dissolution.”.

25 **Publication of unaudited interim accounts**

12. In section 37A of the 1969 Act (publication of accounts and balance sheets
of registered societies) after subsection (6) insert—

“(6A) Subsections (4) to (6) do not apply to an interim revenue account
or balance sheet that—

30 (a) is published together with the latest year end revenue account and
balance sheet complying with subsection (2), (3) or (6) (as the case
may be), and

(b) is marked in clearly legible characters and in a prominent position
with the words “UNAUDITED REVENUE ACCOUNT” or
35 “UNAUDITED BALANCE SHEET” (as the case may be).”.

Dissolution of a registered society by an instrument of dissolution

13.—(1) In section 64 of the 1969 Act (dissolution of a registered society)—

(a) in subsection (1) omit paragraph (b) (and the “or” at the end of paragraph
(a));

40 (b) in the heading at the end insert “on winding up”.

(2) After section 66 of that Act insert—

“Dissolution of a society by an instrument of dissolution

66A.—(1) A registered society may be dissolved by an instrument of
dissolution that complies with section 67 and is approved—

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- (a) in the case of any society, by at least 75% of the society's members consenting to it, that consent being testified by their signatures to the instrument, or
- (b) in the case of a dormant society, by a special resolution of the society.
- 5
- (2) "Dormant society" means a society—
- (a) whose accounts for the current year of account and the two years of account preceding it show no accounting transactions except—
- 10
- (i) fees paid to the registrar;
- (ii) fees paid to the FCA;
- (iii) fees paid to the PRA;
- (iv) payments of dividends;
- (v) payments of interest; and
- (b) that has notified the registrar that it is dormant.
- 15
- (3) "Special resolution" has the same meaning as in section 59."
- (3) In section 67 of that Act (instrument of dissolution)—
- (a) in subsection (1) for "section 64(1)(b)" substitute "section 66A(1)";
- (b) for subsection (3) substitute—
- 20
- "(3) An alteration in an instrument of dissolution may be made—
- (a) by at least 75% of the society's members consenting to it, that consent being testified by their signatures to the alteration, or
- (b) if the instrument was approved by a special resolution of the society, by a further special resolution (as defined in section 59).";
- (c) after subsection (5) insert—
- 25
- "(5A) A copy of every special resolution for the purposes of section 66A or subsection (3) of this section—
- (a) signed by the chair of the meeting at which the resolution was confirmed, and
- (b) countersigned by the society's secretary,
- 30
- must be sent to the registrar before the end of the period of 14 days beginning with the day the resolution was confirmed.
- (5B) The registrar must register a copy of a special resolution received under subsection (5A) at the same time as the registrar registers the instrument of dissolution and any alterations to it.";
- 35
- (d) in subsection (6)—
- (i) after "consents to" insert ", or approval of,";
- (ii) at the end insert "or of the special resolution (as the case may be)."

General

Review of section 1

- 40
- 14.—**(1) The Department must—
- (a) carry out a review of the operation of section 1 as it relates to unincorporated associations, and
- (b) prepare a report of that review.
- (2) The Department must lay the report before the Assembly.

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(3) The Department must begin to carry out the review before the end of the period of 2 years beginning with the day of Royal Assent.

Interpretation

15. In this Act—

5 “the 1969 Act” means the Industrial and Provident Societies Act (Northern Ireland) 1969;

“the 1985 Order” means the Credit Unions (Northern Ireland) Order 1985;

“the Department” means the Department of Enterprise, Trade and Investment;

10 “statutory provision” has the meaning given by section 1(f) of the Interpretation Act (Northern Ireland) 1954.

Minor and consequential amendments

16.—(1) Schedule 1 is comprised as follows—

(a) Part 1 contains amendments consequential on the provision made by section 1;

15 (b) Part 2 contains amendments consequential on the provision made by section 8;

(c) Part 3 contains general minor and consequential amendments;

(d) Part 4 contains amendments that remove obsolete material etc.

20 (2) The Department may by regulations make such other amendments of statutory provisions as it considers appropriate in consequence of any provision made by this Act.

(3) Regulations under subsection (2) may contain incidental, transitional, transitory or saving provision.

25 (4) Regulations under subsection (2) that amend or repeal a provision of an Act of Parliament or Northern Ireland legislation must not be made unless a draft of the regulations has been laid before, and approved by a resolution of, the Assembly.

(5) Other regulations under subsection (2) are subject to negative resolution.

Commencement

30 **17.**—(1) Subject to subsections (2) and (3), this Act comes into operation on the day after Royal Assent.

(2) Sections 4, 8 and 16(1)(b) and Part 2 of Schedule 1 come into operation on such day or days as the Department may by order appoint.

35 (3) Section 9 comes into operation at the end of the period of two months beginning with the day of Royal Assent.

(4) Schedule 2 contains transitional provision.

(5) The Department may by order make transitional, transitory or saving provision in connection with the coming into operation of any provision of this Act.

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Short title

18. This Act may be cited as the Credit Unions and Co-operative and Community Benefit Societies Act (Northern Ireland) 2016.

SCHEDULES

SCHEDULE 1

Section 16.

MINOR AND CONSEQUENTIAL AMENDMENTS

5

PART 1

AMENDMENTS CONSEQUENTIAL ON SECTION 1

The Credit Unions (Northern Ireland) Order 1985 (NI 12)

1. In Article 3 (registration) after paragraph (3) insert—

10 “(3A) In paragraph (3) references to members do not include corporate members.”.

2. After that Article insert—

“Common bonds: corporate members

3A.—(1) This Article applies for the purposes of determining whether—

- 15 (a) a body corporate, or
(b) an individual acting in the capacity as a partner in a partnership or an officer or member of the governing body of an unincorporated association,

has a common bond within Article 3(4)(a) to (d) in relation to other members of a credit union.

20 (2) The body corporate or individual falls within the common bond specified in Article 3(4)(a) if the principal business of the body corporate, partnership or unincorporated association—

- 25 (a) requires it to employ or otherwise engage persons who follow the particular occupation, or
(b) relates to that occupation in some other way.

(3) The body corporate or individual falls within the common bond specified in Article 3(4)(b) if the body corporate, partnership or unincorporated association has a place of business in, or other significant connection with, the particular locality.

30 (4) The body corporate or individual falls within the common bond specified in Article 3(4)(c) if the body corporate, partnership or unincorporated association—

- 35 (a) employs the persons who qualify for membership under that common bond, or
(b) provides services, or is otherwise related, to that employer.

(5) The body corporate or individual falls within the common bond specified in Article 3(4)(d) if the body corporate, partnership or unincorporated association is a member of a bona fide organisation or

otherwise associated with other members of the society for the purpose specified in that provision.”.

3. In Article 13 (minimum number of members) after paragraph (1) insert—

“**(1A)** Where shares are allotted to an individual who is a corporate member (see Articles 14(1)(b) and 14A), then for the purposes of paragraph (1) the partnership or (as the case may be) the unincorporated association is to be treated as the member in respect of those shares.

(1B) This does not affect the treatment of the individual as a member in respect of any shares that the individual holds on his or her own behalf.”.

4. In Article 14 (membership and voting rights) after paragraph (9) insert—

“**(9A)** Article 13(1A) and (1B) (membership rules: treatment of corporate members) apply for the purpose of paragraph (9); and the vote of the partnership or unincorporated association is to be cast by the corporate member.”.

5. In Article 16 (remedy for debts from members) after paragraph (2) insert—

“**(3)** Where any debt arises in respect of shares held by, or a loan made to, an individual who is a corporate member, paragraphs (1) and (2) are to be read subject to Articles 23(2A) and (2B) (transfer of shares) and 28(1C) and (1D) (transfer of loans).”.

6. In Article 17 (nomination to property in credit union) after paragraph (6) insert—

“**(7)** A nomination made by an individual who is a corporate member is valid only if—

(a) in the case of a nomination made by an individual acting in the capacity as a partner in a partnership, the person nominated is (immediately before the individual’s death) a partner in the partnership;

(b) in the case of a nomination made by an individual acting in the capacity as an officer or member of the governing body of an unincorporated association, the person nominated is (immediately before the individual’s death) an officer or member of the governing body of the unincorporated association.”.

7. In Article 18 (proceedings on death of nominator) after paragraph (2) insert—

“**(2A)** The reference in paragraph (2) to the shareholding of the nominee is to be read in accordance with Article 14A(6).”.

8. In Article 23 (shares) for paragraph (2) substitute—

“**(2)** Shares in a credit union shall be transferable only in accordance with—

(a) Article 18(1) (transfer to nominees on death of nominator), or

(b) paragraph (2A) (transfer of certain corporate shares);

and a credit union shall not issue to a member a certificate denoting ownership of a share.

(2A) Shares held by an individual who is a corporate member may be transferred, in accordance with the rules of the credit union, to another individual (“the transferee”), who must be—

(a) in the case of shares held by an individual acting in the capacity as a partner in a partnership, another partner in the partnership;

(b) in the case of shares held by an individual acting in the capacity as an officer or member of the governing body of an unincorporated association, another officer or member of that governing body.

(2B) On the transfer of a share under paragraph (2A), all the rights and liabilities that the holder of the share has in respect of it, or in connection with it, are transferred to the transferee.”

9. In Article 28 (loans) after paragraph (1) insert—

“(1A) But a credit union may make a loan to a corporate member only if—

(a) the credit union’s rules provide that it may make loans to corporate members, and

(b) the making of the loan would not result in the total amount of the outstanding balances on loans made to corporate members exceeding 10% of the total amount of the outstanding balances on all loans made by the credit union to members.

(1B) The Department may by order substitute for the percentage for the time being specified in paragraph (1A)(b) such other percentage as it considers appropriate.

(1C) If a credit union’s rules provide that it may make loans to corporate members, those rules may also provide that loans to individuals who are corporate members may be transferred in accordance with this paragraph.

(1D) The reference in paragraph (1C) to the transfer of a loan is to a transfer of all the rights and liabilities that the borrower has under the loan, or in connection with it, to an individual who is—

(a) in the case of a loan to a person who is an individual acting in the capacity as a partner in a partnership, another partner in the partnership;

(b) in the case of shares held by an individual acting in the capacity as an officer or member of the governing body of an unincorporated association, another officer or member of that governing body.”

10. In Article 72 (disputes which are to be decided in accordance with credit union’s rules) after paragraph (1) insert—

“(1A) Where an individual is, or has been, a corporate member of a credit union, the reference in paragraph (1)(c) to any person “claiming through” that individual includes any partner of the partnership or (as the case may be) any member of the unincorporated association in question.”

11.—(1) Schedule 1 (matters to be provided for in rules of credit union) is amended as follows.

(2) In paragraph 4—

(a) after “any special provision for” insert—

“(a) identifying individuals who are corporate members, or”; and

(b) the words from “the insurance of” to the end become head (b) of that paragraph.

(3) In paragraph 7, after “subject” insert “to Article 14A(6) and”.

(4) After paragraph 11 insert—

“11A. Provision—

- (a) setting out the conditions which must be met for the transfer of shares under Article 23(2A) or the transfer of loans under Article 28(1C), and
- (b) about the means by which and manner in which the credit union may be satisfied that those conditions are met.”.
- 5
- (5) For paragraph 13 substitute—
- “13. Provision for—
- (a) terminating the membership of corporate members in order to comply with the limit on the number of corporate members (see Article 14A(2));
- 10
- (b) the repayment of shares held by a corporate member where—
- (i) the membership is terminated in order to comply with the limit on the number of corporate members, or
- (ii) shares must be repaid in order to comply with the limit on shares allotted to corporate members (see Article 14A(4)).”.
- 15

PART 2

AMENDMENTS CONSEQUENTIAL ON SECTION 8

Industrial and Provident Societies Act (Northern Ireland) 1969 (c. 24)

12.—(1) Section 15 (cancellation of registration of society) is amended as follows.

20

(2) In subsection (1)(c)(ii) for “neither of the conditions specified in section 1(2) is fulfilled” substitute “the relevant registration condition is not met”.

(3) After subsection (1) insert—

“1A) For the purposes of subsection (1)(c)(ii) the relevant registration condition is not met if—

25

- (a) in the case of a society registered as a co-operative society, the condition in section 1(2)(a)(i) is not met;
- (b) in the case of a society registered as a community benefit society, the condition in section 1(2)(a)(ii) is not met;
- 30
- (c) in the case of a pre-2015 Act society, neither of the conditions in section 1(2)(a) is met.”.

13. In section 65(a) (power of registrar to petition for winding up) for “section 1(2)” substitute “section 1(2)(a)”.

14. In section 101(1) (interpretation)—

(a) after the definition of “persons claiming through a member” insert—

35

““pre-2015 Act society” has the meaning given by section 1A;”;

(b) for the definition of “registered society” substitute—

““registered society” has the meaning given by section 1A;”.

15. In section 104(1) (short title) for “the Industrial and Provident Societies Act (Northern Ireland) 1969” substitute “the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969”.

40

Fish Industry Act (Northern Ireland) 1972 (c. 4)

16. In section 2(3) (grants for purposes connected with co-operative activities) for “not registered under the Industrial and Provident Societies Act (Northern Ireland) 1969” substitute “not a registered society within the meaning of the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969”.

17.—(1) Section 9 (acquisition of businesses etc. in the fish industry) is amended as follows.

(2) In subsection (1)(a) for “industrial and provident society” substitute “registered society”.

(3) In subsection (3) for “the Industrial and Provident Societies Act (Northern Ireland) 1969” substitute “the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969”.

(4) In subsection (5)—

(a) omit the definition of “industrial and provident society”;

(b) at the appropriate place insert—

““registered society” has the same meaning as in the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969;”.

The Industrial and Provident Societies (Amendment) (Northern Ireland) Order 1976 (NI 7)

18. In Article 1 (title etc.) for “the Industrial and Provident Societies (Amendment) (Northern Ireland) Order 1976” substitute “the Co-operative and Community Benefit Societies (Northern Ireland) Order 1976”.

19.—(1) Article 2 (interpretation etc.) is amended as follows.

(2) In paragraph (2) for “the Industrial and Provident Societies Act (Northern Ireland) 1969” substitute “the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969”.

(3) In paragraph (3) for “the Industrial and Provident Societies Acts (Northern Ireland) 1969 and 1976” substitute “the Co-operative and Community Benefit Societies Acts (Northern Ireland) 1969 and 1976”.

The Property (Discharge of Mortgage by Receipt) (Northern Ireland) Order 1983 (NI 9)

20. In Article 3(10) (discharge of mortgage by receipt) in the definition of “mortgage” for “the Industrial and Provident Societies Act (Northern Ireland) 1969” substitute “the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969”.

The Credit Unions (Northern Ireland) Order 1985 (NI 12)

21. In Article 2(2) (interpretation) in the definition of “credit union” for “the Industrial and Provident Societies Act (Northern Ireland) 1969” substitute “the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969”.

22. In Article 60(1)(c)(i) (cancellation of registration) for “or the Industrial and Provident Societies Act (Northern Ireland) 1969” substitute “(or the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969)”.

23. In Article 63(b) (petition for winding up) for “or the Industrial and Provident Societies Act (Northern Ireland) 1969” substitute “(or the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969)”.

24. In Schedule 4 (savings), in paragraph 1 for “the Industrial and Provident Societies Act (Northern Ireland) 1969” substitute “the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969”.

The Industrial Relations (Northern Ireland) Order 1992 (NI 5)

25. In Article 3(4) (definition and status of trade union) for “the Industrial and Provident Societies Act (Northern Ireland) 1969” substitute “the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969”.

The Housing (Northern Ireland) Order 1992 (NI 15)

26. In Article 3 (interpretation of Part 2) in the definition of “the Act of 1969” for “the Industrial and Provident Societies Act (Northern Ireland) 1969” substitute “the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969”.

27. In Article 23(12) (inquiries into affairs of registered housing associations) for “an industrial and provident society” substitute “a society”.

The Company Directors Disqualification (Northern Ireland) Order 2002 (NI 4)

28.—(1) Article 25A (application of Order to registered societies) is amended as follows.

(2) For paragraph (1) substitute—

“(1) This Order applies to registered societies within the meaning of the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969 (“the 1969 Act”) as it applies to companies.”.

(3) In paragraph (2)(a) for “the Industrial and Provident Societies Act (Northern Ireland) 1969” substitute “the 1969 Act”.

The Insolvency (Northern Ireland) Order 2005 (NI 10)

29. In Article 10(2) (application of law about company arrangement or administration to non-company) for the words from “a society” to the end substitute “—

(a) a registered society within the meaning of the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969, or

(b) a credit union within the meaning of the Credit Unions (Northern Ireland) Order 1985.”.

The Industrial and Provident Societies (Northern Ireland) Order 2006 (NI 3)

30. In Article 1(1) (title etc.) for “the Industrial and Provident Societies (Northern Ireland) Order 2006” substitute “the Co-operative and Community Benefit Societies (Northern Ireland) Order 2006”.

31. In Article 2(2) (interpretation) in the definition of “the principal Act” for “the Industrial and Provident Societies Act (Northern Ireland) 1969” substitute “the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969”.

32. In Article 9(8) (community benefit societies: power to restrict use of assets) for the definition of “community benefit society” substitute—

“community benefit society” means—

- (a) a society registered under the principal Act as a community benefit society, or
- (b) a pre-2015 Act society (as defined by section 1A of the principal Act) that meets the condition in section 1(2)(a)(ii) of the principal Act;”.

33.—(1) Article 10 (power to modify statutory provisions relating to industrial and provident societies) is amended as follows.

(2) In paragraph (2) for “the Industrial and Provident Societies Acts (Northern Ireland) 1969 and 1976” substitute “the Co-operative and Community Benefit Societies Acts (Northern Ireland) 1969 and 1976”.

(3) In the title for “industrial and provident societies” substitute “registered societies”.

Charities Act (Northern Ireland) 2008 (c. 12)

34.—(1) Section 112 (conversion of charitable company or registered industrial and provident society) is amended as follows.

(2) In subsection (1)(b) for “the Industrial and Provident Societies Act (Northern Ireland) 1969” substitute “the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969 (“the 1969 Act”).”.

(3) In subsection (8) for “the Industrial and Provident Societies Act (Northern Ireland) 1969” substitute “the 1969 Act”.

(4) In subsection (12)(b) for “the Industrial and Provident Societies Act (Northern Ireland) 1969” substitute “the 1969 Act”.

(5) In the heading for “registered industrial and provident society” substitute “registered society”.

35. In section 114(3)(b) (conversion: supplementary) for “the Industrial and Provident Societies Act (Northern Ireland) 1969” substitute “the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969”.

Local Government Act (Northern Ireland) 2014 (c. 8)

36. In Part 2 of Schedule 6 (access to information: exempt information) in paragraph 8 for sub-paragraph (a) substitute—

- “(a) the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969;”.

General modifications

37. Subject to the provisions of this Schedule and of any order under section 16—

- (a) a reference in any statutory provision to an industrial and provident society within the meaning of the Industrial and Provident Societies Act (Northern Ireland) 1969 is to be read as a reference to a registered society within the meaning of the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969;
- (b) a reference in any statutory provision to the Industrial and Provident Societies Act (Northern Ireland) 1969 is to be read as a reference to the

Co-operative and Community Benefit Societies Act (Northern Ireland) 1969;

- 5 (c) a reference in any statutory provision to the Industrial and Provident Societies (Amendment) (Northern Ireland) Order 1976 is to be read as a reference to the Co-operative and Community Benefit Societies (Northern Ireland) Order 1976;
- (d) a reference in any statutory provision to the Industrial and Provident Societies (Northern Ireland) Order 2006 is to be read as a reference to the Co-operative and Community Benefit Societies (Northern Ireland) Order 2006.
- 10

PART 3

MINOR AND CONSEQUENTIAL AMENDMENTS: GENERAL

Industrial and Provident Societies Act (Northern Ireland) 1969 (c. 24)

38.—(1) Section 48 (annual returns) is amended as follows.

- 15 (2) For subsections (1) to (1B) substitute—
- “(1) A registered society must, within the period of 7 months beginning immediately after the end of a year of account, send to the registrar—
- (a) a return relating to its affairs for that year (the society’s “annual return” for that year),
- 20 (b) a copy of each balance sheet made during that year, and
- (c) a copy of any relevant auditor’s report for that year.
- (1A) “Relevant auditor’s report” means—
- (a) if section 38 (duty to appoint auditors) applies for that year, the auditor’s report on the society’s accounts for that year and any
- 25 auditor’s report on a balance sheet made during that year;
- (b) otherwise, any report for that year required by section 43A.”.
- (3) In subsection (2) omit—
- (a) “and” at the end of paragraph (b);
- (b) paragraph (c).
- 30 (4) Omit subsections (3) to (5).

39. In section 67(5) (instrument of dissolution) for the words from “such a final return” to the end substitute “the society’s annual return for its last year of account (see section 36A(8) or 36B(8)).”.

40. In section 68(1) (restriction on dissolution or cancellation of registration)—
- 35 (a) for “section 64(a)” substitute “section 64(1)(a)”;
(b) for “section 64(b)” substitute “section 66A”.

41. In section 101(1) (interpretation) for the definition of “year of account” substitute—

- 40 ““year of account” is to be read in accordance with sections 36A and 36B.”.

42. In Part 1 of Schedule 1 (matters to be provided for in the society’s rules) in paragraph 7 before “shares” insert “withdrawable”.

The Credit Unions (Northern Ireland) Order 1985 (NI 12)

43. In Article 2(2) (interpretation) at the appropriate place insert—

““year-end balance sheet” means a balance sheet relating to the position at the end of a year of account;”.

5 44. After Article 78 insert—

“Incidental, transitional, etc. provision

78A. An order under any of the following may contain such incidental, transitional, transitory or saving provision as the Department considers appropriate—

- 10 (a) Article 14A(7) (alteration of maximum proportion of corporate members);
- (b) Article 23A(4) (alteration of threshold amount required for credit union to issue or retain interest-bearing shares);
- 15 (c) Article 28(1B) (alteration of maximum proportion of loan book which may be made to corporate members).”.

45. In Schedule 1 (matters to be provided for in rules of credit union), after paragraph 13 insert—

20 “13A. If the issue of interest-bearing shares is permitted, provision for the conversion of such shares into shares that are not interest-bearing in order to comply with Article 23B(3).”.

PART 4

REMOVAL OF OBSOLETE MATERIAL ETC.

Industrial and Provident Societies Act (Northern Ireland) 1969 (c. 24)

25 46. For “Ministry” in each place (except in section 101 and Schedule 5) substitute “Department”.

47.—(1) Section 22 (nomination of property in society) is amended as follows.

(2) In subsection (1) for the words from “which he may have” to the end substitute “which he may have at the time of his death.”.

(3) In subsection (3)—

- 30 (a) omit paragraph (a);
- (b) in paragraph (b) omit “after 31st December 1913 and”.

(4) In subsection (6) omit “and after 31st December 1913”.

48. In section 37 (general provisions as to accounts and balance sheets) omit subsections (7) and (8).

35 49. In section 38(1) (duty to appoint auditors) omit “beginning on or after 1st January 1970”.

50. In section 38A(1) (power of registered societies to disapply section 38) omit the words from “beginning” to “operation”.

51. For section 41 (qualified auditors) substitute—

“Meaning of “qualified auditor”

41. In this Act “qualified auditor” means a person eligible for appointment as a statutory auditor under Part 42 of the Companies Act 2006.”.

- 5 52. In section 43 (auditors’ report etc.) omit subsection (8).
53. In section 45(1) (group accounts) omit “beginning on or after 1st January 1970”.
54. In section 48 (annual returns) omit subsection (7).
55. Omit section 77 (application of Part 2 to credit unions).
- 10 56. In section 101(1) (interpretation)—
- (a) omit the definition of “board of directors”;
- (b) at the appropriate place insert—
- ““the Department” means the Department of Enterprise, Trade and Investment;”;
- 15 (c) for the definitions of “the Minister” and “the Ministry” substitute—
- ““the Minister” means the Minister of Enterprise, Trade and Investment;”.
57. In section 103 (repeals, savings and transitional provisions) omit subsection (1).
- 20 58. Omit Schedule 5 (transitional provisions).

SCHEDULE 2

Section 17.

TRANSITIONAL PROVISION

Section 4: attachment of shares

- 25 1. The amendments made by section 4 do not apply in relation to loans made before the coming into operation of that section.

Section 8: pending applications for registration of a society

- 30 2.—(1) This paragraph applies where an application for the registration of a society under the 1969 Act has been made but not determined before section 8 comes into operation.

(2) The registrar must not take any further step in relation to the application until the registrar receives a document, signed by the persons who signed the application for registration, stating whether the application is to be treated as—

- 35 (a) an application to register the society as a co-operative society, or
- (b) an application to register the society as a community benefit society.

(3) Once the registrar receives the document, the application is to be treated in accordance with the statement contained in the document.

Section 8: appeals against decision not to register

- 3.—(1) This paragraph applies if—

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- (a) before the relevant time, the registrar decides to refuse registration of a society, and
 - (b) an appeal against the decision is made after the relevant time, or is made before that time but not determined by that time.
- 5 (2) The decision may be overruled on appeal only if it is established that the society would (on an application made after the relevant time)—
- (a) be entitled to be registered as a co-operative society, or
 - (b) be entitled to be registered as a community benefit society.
- (3) If the decision is overruled, the court must—
- 10 (a) state that the society is to be registered as a co-operative society, or
- (b) state that the society is to be registered as a community benefit society, and the registrar must act accordingly.
- (4) The “relevant time” means the time section 8 comes into operation.

Section 9: members under 18

- 15 4. The amendment made by section 9 does not apply in relation to a society until the end of the period of 10 days beginning with the day of the first general meeting of the society to occur after the coming into operation of that section.