

These notes refer to the Credit Unions and Co-operative and Community Benefit Societies Act (Northern Ireland) 2016 (c.16) which received Royal Assent on 22 April 2016

Credit Unions and Co-operative and Community Benefit Societies Act (Northern Ireland) 2016

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Schedule 1: Minor and consequential amendments

Part 1: Amendments consequential on section 1

Part 1 of Schedule 1 makes a number of amendments which are consequential on section 1 of the Act (corporate members of credit unions).

Paragraph 2 inserts into the 1985 Order a new Article 3A, which sets out how a corporate member will satisfy the common bond requirements of a credit union.

Paragraph 3 inserts into the 1985 Order new Articles 13(1A) and (1B). Article 13 deals with the minimum number of members of a credit union. New Articles 13(1A) and (1B) make provision about the membership of individuals who are members of a credit union in their capacity as a member of a partnership or unincorporated association. In these circumstances, for the purposes of Article 13, the partnership or unincorporated association will be treated as the member and this will not affect the treatment of the individual as a member in respect of any shares held by the individual in his or her personal capacity.

Paragraph 4 inserts into the 1985 Order a new Article 14(9A). This enables the voting rights of a partnership or unincorporated association to be exercised by the corporate member and ensures that an individual retains his or her own vote in respect of any shares held in a personal capacity.

Paragraph 5 inserts into the 1985 Order a new Article 16(3) which provides that the remedies available to a credit union in respect of the debts of individuals who are corporate members are subject to the rules on transfer of shares and loans.

Paragraphs 6 and 7 insert new Articles 17(7) and 18(2A) into the 1985 Order. A nomination to property in a credit union made by an individual who is a corporate member is valid when it is made to another partner (in the case of a partnership) or when the nominee is an officer or member of the governing body

of the unincorporated association (in the case of an unincorporated association). Where the nominee holds shares both as a corporate member and in a personal capacity, those shareholdings are to be kept separate for the purposes of the rule in Article 18 about maximum shareholdings.

Paragraph 8 substitutes Article 23(2) and inserts, into the 1985 Order, two new Articles 23(2A) and 23(2B). The substituted Article 23(2) provides for the transfer of certain corporate shares. Article 23(2A) enables shares to be transferred by individuals who are corporate members in accordance with the rules of the credit union. The transferee must be another partner (in the case of partnerships) or an officer or member of the governing body (in the case of unincorporated associations). Article 23(2B) provides that all rights and responsibilities of, or connected with, those shares transfer to the transferee.

Paragraph 9 inserts into the 1985 Order new Articles 28(1A), (1B), (1C) and (1D). Article 28(1A) provides that a credit union may make a loan to a corporate member only if the credit union's rules so provide and subject to a limit on loans made to corporate members. Paragraph (1B) enables the Department to amend this limit by order. Paragraph (1C) allows for the transfer of loans made to individuals who are corporate members, if the credit union rules so provide and paragraph (1D) relates to the transfer of all rights and liabilities in relation to those transferred loans.

Paragraph 10 inserts into the 1985 Order a new Article 72(1A). Article 72 deals with decisions on disputes and new paragraph (1A) provides that any person claiming through a member of the credit union or any person aggrieved will include any partner in a partnership or any member of an unincorporated association where the individual is or has been a corporate member of the credit union.

Paragraph 11 amends Schedule 1 of the 1985 Order (matters to be provided for in rules of credit unions) so that credit union rules include certain matters pertaining to corporate membership.