

1986 No. 129

CREDIT UNIONS

Credit Unions (Authorised Investments) Regulations
(Northern Ireland) 1986

Made 7th May 1986

Coming into operation 1st June 1986

The Department of Economic Development, in exercise of the powers conferred on it by Article 33(1) of the Credit Unions (Northern Ireland) Order 1985(a) and of every other power enabling it in that behalf, hereby makes the following regulations:

Citation and commencement

1. These regulations may be cited as the Credit Unions (Authorised Investments) Regulations (Northern Ireland) 1986 and shall come into operation on 1st June 1986.

Manner of investment

2.—(1) The manner in which a credit union is authorised to invest any part of its surplus funds is specified in Part I of the Schedule.

(2) Part II of the Schedule shall have effect for the purposes of Part I thereof and for the interpretation of that Part.

Sealed with the Official Seal of the Department of Economic Development on 7th May 1986.

(L.S.)

W. T. McCrory

Assistant Secretary

SCHEDULE

PART I

MANNER OF INVESTMENT

1. In Certificates of Tax Deposit issued by the Treasury, Defence Bonds, National Development Bonds, Ulster Development Bonds, British Savings Bonds, Treasury Bills, Local Authority Bills, National Savings Income Bonds and National Savings Deposit Bonds.

2. In marketable securities issued by Her Majesty's Government in the United Kingdom or the Government of Northern Ireland, being securities which will mature for repayment in not more than five years from the relevant date.

3. In marketable fixed-interest or variable-interest securities issued in the United Kingdom by any local authority, being securities which will mature for repayment in not more than five years from the relevant date.

4. In marketable fixed-interest securities of the following descriptions, being securities which will mature for repayment in not more than five years from the relevant date—

- (a) securities the repayment of the principal of which and the payment of interest on which is guaranteed by Her Majesty's Government in the United Kingdom or the Government of Northern Ireland;
- (b) securities issued in the United Kingdom by a public authority or nationalised industry or undertaking in the United Kingdom;
- (c) loan stock of the Bank of Ireland.

5. In shares or deposits in any building society designated under section 1 of the House Purchase and Housing Act 1959(a).

PART II

INTERPRETATION

6. In this Schedule—

“fixed-interest securities” means securities on which the rate of interest is fixed by the terms of their issue;

“local authority” means any of the following authorities—

- (a) in England and Wales, a county council, a district council, a London borough council, a parish or community council, the Common Council of the City of London, and the Council of the Isles of Scilly;
- (b) in Scotland, a local authority within the meaning of section 235 of the Local Government (Scotland) Act 1973(b);
- (c) in Northern Ireland, a district council within the meaning of section 1 of the Local Government Act (Northern Ireland) 1972(c);

“Local Authority Bills” means bills issued in the United Kingdom by a local authority under powers conferred on it by any Act of the Parliament of the United Kingdom or Act of Parliament, Measure or Order in Council;

“marketable” in relation to securities means securities the price of which is quoted on The Stock Exchange or bonds issued in the United Kingdom by a local authority in whole or in part to a bank, discount house, issuing house, or broker in the City of London;

“relevant date” in relation to any security or loan in which an investment is at any time to be made means the date on which that investment is to be made;

“securities” includes stock, debentures, debenture stock and bonds, but does not include any securities where the holder is not entitled to require the repayment of the principal, and the payment of interest, in sterling;

(a) 1959 c. 33

(b) 1973 c. 65

(c) 1972 c. 9 (N.I.)

“Treasury Bills” includes Bills issued by Her Majesty’s Government in the United Kingdom and Northern Ireland Treasury Bills;

“variable-interest securities” means securities on which the rate of interest is variable by reference to one or more of the following:—

- (i) the average rate of discount on allotment on 91-day Treasury Bills;
- (ii) a yield on 91-day Treasury Bills;
- (iii) a London sterling inter-bank offered rate;
- (iv) a London sterling certificate of deposit rate.

7. For the purposes of this Schedule—

- (a) the date on which any security will mature for repayment shall be the last or only date on which that security shall be repayable by or under its terms of issue;
- (b) the date on which a loan will be repayable shall be the last or only date on which that loan shall be repayable by or under the terms of the making of the loan, except that if under the terms of any loan the lender may require its repayment at any date, the date shall be the earliest date on which repayment may be so required.

EXPLANATORY NOTE

(This note is not part of the Regulations.)

These regulations prescribe the manner in which credit unions may invest funds not immediately required for their purposes. They replace the Credit Unions (Authorised Securities) Regulations (Northern Ireland) 1970 and the relevant provisions of the Industrial and Provident Societies Act (Northern Ireland) 1969 which were repealed by the Credit Unions (Northern Ireland) Order 1985 (“the Order”). These regulations specify by name the range of securities authorised for investment by credit unions rather than by reference to other legislation.

A credit union which invests its funds in a manner other than specified by Article 33 of the Order or by these regulations is guilty of an offence under Article 33(6) of the Order. The penalty on indictment is a fine and on summary conviction a fine not exceeding £2,000 at present.