

**EXPLANATORY MEMORANDUM TO
THE CREDIT UNIONS (LIMIT ON SHARES) ORDER (NORTHERN IRELAND)**

2006 No. 77

1. This explanatory memorandum has been prepared by The Department of Enterprise, Trade and Investment and is laid before Parliament by Command of Her Majesty.

2. Description

2.1 The Order is intended to raise the maximum number of shares which can be held by a member of a Credit Union.

3. Matters of special interest to the Joint Committee on Statutory Instruments

3.1 None

4. Legislative Background

4.1 The above Order is being made under paragraph 7 of the Schedule to the Northern Ireland Act 2000. The Order consists of 3 Articles. Article 1 is introductory. Article 2 raises the limit on an individual members' shareholding in a credit union from the greater of £10,000 and 1.5% of total shareholding in the credit union to the greater of £15,000 and 1.5% of total shareholding in the credit union. Article 3 revokes the Credit Unions (Limit on Shares) Order (Northern Ireland) 1993.

5. Extent

5.1 This instrument applies to Northern Ireland.

6. European Convention on Human Rights

The Minister for Enterprise, Trade and Investment, Angela Smith MP, has made the following statement regarding Human Rights:

In my view the provisions of the Credit Unions (Limit on Shares) Order (Northern Ireland) 2006 are compatible with the Convention rights.

7. Policy background

7.1 This Order will form part of the Department's strategy to help Credit Unions in Northern Ireland to reach their full potential, by removing legal, regulatory and policy barriers that may act as obstacles to their growth and development. The aim is to create a supportive and enabling framework, ensuring that the needs of Credit Union members are met, at the same time protecting their interests. By modernising key policy areas, the Department intends to create a regulatory environment which will encourage Credit Unions to maximise their contribution to social and economic development in Northern Ireland.

7.2 The purpose of the Order is to achieve these objectives by increasing the current limit on the number of shares which can be held by an individual member of a credit union, which has not been revised since 1998.

7.3 A consultation paper was issued in May 2004, with subsequent focus groups being held during June and July 2004. Consultees included all of the Credit Unions in Northern Ireland, as well as leaders of various Credit Union representative bodies. Other government departments in Northern Ireland were also consulted, as were the Financial Services Authority and HM Treasury. Over 80 responses were received from consultees, all of which were supportive of the proposal contained in this Statutory Rule.

7.4 Options were considered in relation to the proposals contained in this Statutory Rule. In each case, these included: making no changes to the existing legislation; changing the provisions to bring them into line with GB; and making changes to the legislation to take into consideration the responses from Credit Unions to the initial consultation proposals.

The provisions contained in this Statutory Rule reflect the consensus of responses to the consultation. They are considered by the Department to be the most appropriate provisions given the need for legislation which will encourage the Credit Union sector to expand and develop.

8. Impact

8.1 A Regulatory Impact Assessment has not been prepared for this instrument as it has no impact on business, charities or voluntary bodies.

9. Contact

Sandy Williamson at the Department of Enterprise, Trade and Investment, Tel: 028 9090 5348 or e-mail: sandy.williamson@detini.gov.uk can answer any queries regarding the instrument.