

2014 No. 210

INDUSTRIAL AND PROVIDENT SOCIETIES

The Industrial and Provident Societies (Increase in Shareholding Limit) Order 2014

<i>Made</i>	- - - -	<i>4th February 2014</i>
<i>Laid before Parliament</i>		<i>7th February 2014</i>
<i>Coming into force</i>	- -	<i>6th April 2014</i>

The Treasury make the following Order in exercise of the powers conferred by section 2(1), (2) and (3) of the Industrial and Provident Societies Act 1975(a) and now vested in them(b).

Citation, commencement and interpretation

1.—(1) This Order may be cited as the Industrial and Provident Societies (Increase in Shareholding Limit) Order 2014, and comes into force on 6th April 2014.

(2) In this Order—

“the Act” means the Industrial and Provident Societies Act 1965(c); and

“member” means a member of a registered society other than a member exempt from the maximum shareholding limit under section 6(1)(d) of the Act.

Increase in shareholding limit

2. In section 6 of the Act (maximum shareholding in society), in subsection (1), for the words “twenty thousand pounds” substitute “one hundred thousand pounds”.

Powers of society’s committee

3.—(1) The committee of a registered society may, by a resolution recorded in writing, resolve that the limit determined for the purpose of paragraph 7 of Schedule 1 to the Act (determination in society’s rules of the maximum amount of the interest in the shares of the society which may be held by any member) is increased to such amount not exceeding £100,000 as may be specified in the resolution.

(2) Where the committee make a resolution under paragraph (1)—

(a) notice of the resolution must be given to the Financial Conduct Authority within a period of 60 days beginning with the date on which the resolution is made;

(a) 1975 c.41. The title of that Act is prospectively amended by section 2 of the Co-operative and Community Benefit Societies and Credit Unions Act 2010 (c.7).
(b) The powers were transferred to the Treasury by S.I. 2001/2617, article 4(1) and Schedule 1, Part 1.
(c) 1965 c.12.
(d) Section 6(1) was amended by paragraph 8 of Schedule 2 of the Housing (Consequential Provisions) Act 1985 (c.71) and by S.I. 1994/341 and 1997/627.

(b) subject to notice having been given under sub-paragraph (a), the society's rules have effect accordingly until such time as any subsequent amendment of the rules is registered under section 10 of the Act^(a).

(3) Upon the registration of a subsequent amendment of the rules, the rules have effect as if the resolution had not been made.

(4) Paragraph (3) does not affect any interest in the society's shares held by a member immediately before the date of registration of the amendment.

(5) The committee may not vary or revoke a resolution made under paragraph (1).

(6) The power conferred on the committee by paragraph (1) ceases to be exercisable at the end of the period of eighteen months beginning with 6th April 2014 or, if earlier, upon the registration of an amendment of the society's rules under section 10 of the Act.

Revocations

4. The Industrial and Provident Societies (Increase in Shareholding Limit) Order 1981^(b) and the Industrial and Provident Societies (Increase in Shareholding Limit) Order 1994^(c) are revoked.

Mark Lancaster
Anne Milton

4th February 2014

Two of the Lords Commissioners of Her Majesty's Treasury

(a) Section 10 was amended by S.I. 1996/1738; 2001/2617; 2001/3649 and 2013/496.

(b) S.I. 1981/395.

(c) S.I. 1994/341.

EXPLANATORY NOTE

(This note is not part of the Order)

This Order increases from £20,000 to £100,000 the amount specified in section 6(1) of the Industrial and Provident Societies Act 1965 (c. 12) (“the Act”). That amount is the maximum interest in the withdrawable shares of a society registered under the Act which may be held by a member (other than a member who is not subject to the maximum shareholding limit).

For the purposes of this Order “registered society” does not include a credit union. Section 6 of the Act does not apply to credit unions by virtue of section 31(3) of the Credit Unions Act 1979 (c. 34.).

Article 3 provides that the committee of a registered society may resolve to increase the maximum interest specified in the society’s rules to any amount up to £100,000. The rules have effect in accordance with a resolution until any subsequent amendment is registered under section 10 of the Act. A resolution cannot be varied or revoked. The power to make a resolution is lost if it is not exercised within 18 months from the date on which this Order comes into force. It is also lost if the society’s rules are amended before a resolution is made.

Article 4 revokes previous orders made to increase the maximum shareholding limit.

A full impact assessment has not been produced for this instrument as no impact is foreseen on the costs of business or the voluntary sector.

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