

SCHEDULE 1

Modified application of Parts 1 and 2 of the Insolvency Act 1986 to relevant societies

PART 4

Modified application of Schedule 1 to the Insolvency Act 1986 to relevant societies (further modifications)

35. Schedule 1 to the 1986 Act ^{M1} applies in relation to a relevant society with the further modifications set out in this Part and with any other necessary modification.

Marginal Citations

M1 Paragraph 2 of Schedule 1 was amended by the [Abolition of Feudal Tenure etc. \(Scotland\) Act 2000 \(asp 5\)](#), [section 76\(2\)](#) and Schedule 13, Part 1.

36. This Part has effect without limiting paragraph 26 of this Schedule.

37. In this Part—

- (a) a reference to a numbered paragraph is a reference to the paragraph so numbered in Schedule 1 to the 1986 Act;
- (b) “the 1979 Act” means the Credit Unions Act 1979 ^{M2}; and
- (c) “credit union” has the meaning given in section 31(1) of the 1979 Act.

Marginal Citations

M2 1979 c. 34.

38. Paragraph 3 (power to borrow) has effect as if it provided that power to raise or borrow money and grant security over the property of the society—

- (a) in the case of a credit union, is subject to—
 - (i) the provisions of [^{F1}Chapters 1 and 2 of Part 5 of the 2014 Act (charges over a society’s assets)];
 - (ii) section 7 (shares) ^{M3}, section 7A (power to issue interest-bearing shares) ^{M4} and section 8 (general prohibition on deposit-taking) ^{M5} of the 1979 Act; and
 - (iii) the rules of the society containing provision in respect of the matters mentioned in paragraph 7 of Schedule 1 to the 1979 Act (determination of the maximum amount of the interest in the shares of the society which may be held by any member);
- (b) in the case of a relevant society which is not a credit union, is subject to—
 - [^{F2}(i) section 24 (maximum interest in a society’s withdrawable shares) and section 67 (registered society with withdrawable share capital not to carry on banking etc) of the 2014 Act;
 - (ii) paragraphs 6 to 8 of Schedule 3 to the 2014 Act (provision about maximum shareholding and maximum deposits for certain societies registered or treated as registered before 1st August 2014);

Changes to legislation: There are currently no known outstanding effects for the *The Co-operative and Community Benefit Societies and Credit Unions (Arrangements, Reconstructions and Administration) Order 2014, PART 4*. (See end of Document for details)

- (iii) the provisions of Chapters 1 and 2 of Part 5 of the 2014 Act (charges over a society's assets); and
 - (iv) the rules of the society which make provision in accordance with section 14 of the 2014 Act (content of a society's rules) about maximum shareholding and borrowing powers;]
- (c) in either such case, is subject to such other enactments and such rules of the society as govern or restrict the exercise of that power.

- F1** Words in Sch. 1 para. 38(a)(i) substituted (1.8.2014) by [The Co-operative and Community Benefit Societies and Credit Unions \(Arrangements, Reconstructions and Administration\) \(Amendment\) Order 2014 \(S.I. 2014/1822\)](#), arts. 1(2), **5(l)(i)**
- F2** Sch. 1 para. 38(b)(i)-(iv) substituted for Sch. 1 para. 38(b)(i)-(iii) (1.8.2014) by [The Co-operative and Community Benefit Societies and Credit Unions \(Arrangements, Reconstructions and Administration\) \(Amendment\) Order 2014 \(S.I. 2014/1822\)](#), arts. 1(2), **5(l)(ii)**

Marginal Citations

- M3** Section 7 was amended by [S.I. 2011/2687](#).
- M4** Section 7A was inserted by [S.I. 2011/2687](#).
- M5** Section 8 was amended by [S.I. 2002/1501](#).

39. Paragraphs 15 (power to establish subsidiaries) and 16 (power to transfer property to subsidiaries) do not apply in relation to credit unions.

40. Paragraph 16 has effect in relation to a relevant society other than a credit union as if—

- (a) the reference to subsidiaries were a reference to subsidiaries within the meaning given in [^{F3}section 100 (meaning of company being a “subsidiary” of a society) or section 101 (meaning of society being a “subsidiary” of another society) of the 2014 Act]; and
- (b) it provided that power to transfer to subsidiaries of the society the whole or any part of the business or property of the society is only exercisable in accordance with a special resolution under [^{F4}section 110 (transfer of engagements between societies) or section 112 (conversion of society into a company, amalgamation with a company etc) of the 2014 Act].

- F3** Words in Sch. 1 para. 40(a) substituted (1.8.2014) by [The Co-operative and Community Benefit Societies and Credit Unions \(Arrangements, Reconstructions and Administration\) \(Amendment\) Order 2014 \(S.I. 2014/1822\)](#), arts. 1(2), **5(m)(i)**
- F4** Words in Sch. 1 para. 40(b) substituted (1.8.2014) by [The Co-operative and Community Benefit Societies and Credit Unions \(Arrangements, Reconstructions and Administration\) \(Amendment\) Order 2014 \(S.I. 2014/1822\)](#), arts. 1(2), **5(m)(ii)**

Changes to legislation:

There are currently no known outstanding effects for the The Co-operative and Community Benefit Societies and Credit Unions (Arrangements, Reconstructions and Administration) Order 2014, PART 4.