

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

Section 4: Attachment of shares

Section 4 concerns the withdrawal of credit union shares where the member's paid-up shareholding is, or following withdrawal would be, less than the member's total liability to the credit union. Section 4 requires credit unions to include in the terms of a loan a statement of whether, for the duration of the loan, the borrower may make such a withdrawal. This replaces the current rule that such withdrawals are permitted only at the discretion of the board of directors of the credit union.

Section 4(1)(b) substitutes Article 23(4) of the 1985 Order. The new Article 23(4) forbids the withdrawal of shares where a credit union has made a loan to a member which is treated as a secured loan by virtue of Article 28A of the 1985 Order and the member's shareholding is, or following withdrawal would be, less than their total liability.

Section 4(2) inserts into the 1985 Order a new Article 28(1E), which requires the terms of a loan made by a credit union to a member to state whether the borrower can withdraw shares, where the loan is not treated as a secured loan by virtue of Article 28A.