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SCHEDULES

SCHEDULE 1

MINOR AND CONSEQUENTIAL AMENDMENTS

PART 1

AMENDMENTS CONSEQUENTIAL ON SECTION 1

The Credit Unions (Northern Ireland) Order 1985 (NI 12)

1 In Article 3 (registration) after paragraph (3) insert—

“(3A) In paragraph (3) references to members do not include corporate members.”.

2 After that Article insert—

“**Common bonds: corporate members**

3A.—(1) This Article applies for the purposes of determining whether—

- (a) a body corporate, or
- (b) an individual acting in the capacity as a partner in a partnership or an officer or member of the governing body of an unincorporated association,

has a common bond within Article 3(4)(a) to (d) in relation to other members of a credit union.

(2) The body corporate or individual falls within the common bond specified in Article 3(4)(a) if the principal business of the body corporate, partnership or unincorporated association—

- (a) requires it to employ or otherwise engage persons who follow the particular occupation, or
- (b) relates to that occupation in some other way.

(3) The body corporate or individual falls within the common bond specified in Article 3(4)(b) if the body corporate, partnership or unincorporated association has a place of business in, or other significant connection with, the particular locality.

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(4) The body corporate or individual falls within the common bond specified in Article 3(4)(c) if the body corporate, partnership or unincorporated association—

- (a) employs the persons who qualify for membership under that common bond, or
- (b) provides services, or is otherwise related, to that employer.

(5) The body corporate or individual falls within the common bond specified in Article 3(4)(d) if the body corporate, partnership or unincorporated association is a member of a bona fide organisation or otherwise associated with other members of the society for the purpose specified in that provision.”

3 In Article 13 (minimum number of members) after paragraph (1) insert—

“(1A) Where shares are allotted to an individual who is a corporate member (see Articles 14(1)(b) and 14A), then for the purposes of paragraph (1) the partnership or (as the case may be) the unincorporated association is to be treated as the member in respect of those shares.

(1B) This does not affect the treatment of the individual as a member in respect of any shares that the individual holds on his or her own behalf.”

4 In Article 14 (membership and voting rights) after paragraph (9) insert—

“(9A) Article 13(1A) and (1B) (membership rules: treatment of corporate members) apply for the purpose of paragraph (9); and the vote of the partnership or unincorporated association is to be cast by the corporate member.”

5 In Article 16 (remedy for debts from members) after paragraph (2) insert—

“(3) Where any debt arises in respect of shares held by, or a loan made to, an individual who is a corporate member, paragraphs (1) and (2) are to be read subject to Articles 23(2A) and (2B) (transfer of shares) and 28(1C) and (1D) (transfer of loans).”

6 In Article 17 (nomination to property in credit union) after paragraph (6) insert—

“(7) A nomination made by an individual who is a corporate member is valid only if—

- (a) in the case of a nomination made by an individual acting in the capacity as a partner in a partnership, the person nominated is (immediately before the individual's death) a partner in the partnership;
- (b) in the case of a nomination made by an individual acting in the capacity as an officer or member of the governing body of an unincorporated association, the person nominated is (immediately

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before the individual's death) an officer or member of the governing body of the unincorporated association.”.

7 In Article 18 (proceedings on death of nominator) after paragraph (2) insert—

“(2A) The reference in paragraph (2) to the shareholding of the nominee is to be read in accordance with Article 14A(6).”.

8 In Article 23 (shares) for paragraph (2) substitute—

“(2) Shares in a credit union shall be transferable only in accordance with—

- (a) Article 18(1) (transfer to nominees on death of nominator), or
- (b) paragraph (2A) (transfer of certain corporate shares);

and a credit union shall not issue to a member a certificate denoting ownership of a share.

(2A) Shares held by an individual who is a corporate member may be transferred, in accordance with the rules of the credit union, to another individual (“the transferee”), who must be—

- (a) in the case of shares held by an individual acting in the capacity as a partner in a partnership, another partner in the partnership;
- (b) in the case of shares held by an individual acting in the capacity as an officer or member of the governing body of an unincorporated association, another officer or member of that governing body.

(2B) On the transfer of a share under paragraph (2A), all the rights and liabilities that the holder of the share has in respect of it, or in connection with it, are transferred to the transferee.”.

9 In Article 28 (loans) after paragraph (1) insert—

“(1A) But a credit union may make a loan to a corporate member only if—

- (a) the credit union's rules provide that it may make loans to corporate members, and
- (b) the making of the loan would not result in the total amount of the outstanding balances on loans made to corporate members exceeding 10% of the total amount of the outstanding balances on all loans made by the credit union to members.

(1B) The Department may by order substitute for the percentage for the time being specified in paragraph (1A)(b) such other percentage as it considers appropriate.

(1C) If a credit union's rules provide that it may make loans to corporate members, those rules may also provide that loans to individuals who are corporate members may be transferred in accordance with this paragraph.

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(1D) The reference in paragraph (1C) to the transfer of a loan is to a transfer of all the rights and liabilities that the borrower has under the loan, or in connection with it, to an individual who is—

- (a) in the case of a loan to a person who is an individual acting in the capacity as a partner in a partnership, another partner in the partnership;
- (b) in the case of shares held by an individual acting in the capacity as an officer or member of the governing body of an unincorporated association, another officer or member of that governing body.”.

10 In Article 72 (disputes which are to be decided in accordance with credit union's rules) after paragraph (1) insert—

“(1A) Where an individual is, or has been, a corporate member of a credit union, the reference in paragraph (1)(c) to any person “claiming through” that individual includes any partner of the partnership or (as the case may be) any member of the unincorporated association in question.”.

11.—(1) Schedule 1 (matters to be provided for in rules of credit union) is amended as follows.

(2) In paragraph 4—

(a) after “any special provision for” insert—

“(a) identifying individuals who are corporate members, or”

(b) the words from “the insurance of” to the end become head (b) of that paragraph.

(3) In paragraph 7, after “subject” insert “ to Article 14A(6) and ”.

(4) After paragraph 11 insert—

“**11A** Provision—

(a) setting out the conditions which must be met for the transfer of shares under Article 23(2A) or the transfer of loans under Article 28(1C), and

(b) about the means by which and manner in which the credit union may be satisfied that those conditions are met.”.

(5) For paragraph 13 substitute—

“**13** Provision for—

(a) terminating the membership of corporate members in order to comply with the limit on the number of corporate members (see Article 14A(2));

(b) the repayment of shares held by a corporate member where—

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- (i) the membership is terminated in order to comply with the limit on the number of corporate members, or
- (ii) shares must be repaid in order to comply with the limit on shares allotted to corporate members (see Article 14A(4)).”.

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