



2016 CHAPTER 16

Credit Unions

Attachment of shares

4.—(1) In Article 23 of the 1985 Order (shares)—

- (a) in paragraph (3) after “paragraph (4)” insert “and Article 28(1E)”;
(b) for paragraph (4) substitute—

“(4) Where a credit union has made a loan to a member which is treated by virtue of Article 28A as a secured loan, the member must not be permitted to withdraw shares if the member’s shareholding is (or following withdrawal would be) less than the member’s total liability.

(5) In paragraph (4)—

- (a) the member’s “shareholding” is the member’s paid-up shareholding in the credit union;
- (b) the member’s “total liability” is the member’s total liability (including contingent liability) to the credit union whether as borrower, guarantor or otherwise;
- (c) where the loan has been made to an individual in his or her capacity as a corporate member, the member’s “shareholding” and “total liability” are any shareholding and total liability in that capacity.”.

(2) In Article 28 of that Order (loans by credit unions) after paragraph (1D) (inserted by paragraph 9 of Schedule 1) insert—

“(1E) The terms of a loan made from a credit union to a member (other than a loan treated by virtue of Article 28A as a secured loan) must state whether, for the duration of the loan, the borrower is permitted

to withdraw shares where the borrower's shareholding is (or following withdrawal would be) less than the borrower's total liability.

(1F) In paragraph (1E)—

- (a) the borrower's "shareholding" is the borrower's paid-up shareholding in the credit union;
- (b) the borrower's "total liability" is the borrower's total liability (including contingent liability) to the credit union whether as borrower, guarantor or otherwise;
- (c) where the loan is made to an individual in his or her capacity as a corporate member, the borrower's "shareholding" and "total liability" are any shareholding and total liability in that capacity."