
STATUTORY INSTRUMENTS

1985 No. 1205

The Credit Unions (Northern Ireland) Order 1985

Operation of credit union

Restriction on business of credit union

22. ^{F1}

F1 Art. 22 omitted (31.3.2012) by virtue of [Financial Services and Markets Act 2000 \(Permissions, Transitional Provisions and Consequential Amendments\) \(Northern Ireland Credit Unions\) Order 2011 \(S.I. 2011/2832\)](#), arts. 1(2), **13(10)**

Shares

23.—(1) All shares in a credit union shall be of £1 denomination and may, subject to the rules of the credit union, be subscribed for either in full or by periodical or other subscriptions but no share shall be allotted to a member until it has been fully paid in cash.

(2) Without prejudice to Article 18(1), shares in a credit union shall not be transferable and a credit union shall not issue to a member a certificate denoting ownership of a share.

(3) Subject to paragraph (4), shares in a credit union shall be withdrawable, but a credit union shall not issue shares except on terms enabling it to require not less than 60 days' notice of withdrawal.

(4) If a withdrawal of shares would reduce a member's paid-up shareholding in the credit union to less than his total liability (including contingent liability) to the credit union whether as borrower, guarantor or otherwise, then—

[^{F2}(a) in the case of a member to whom there is a loan by the credit union which is treated by virtue of Article 28A as a secured loan, the withdrawal shall not be permitted; and]

(b) in any other case, the withdrawal shall be permitted only at the discretion of the board of directors.

F2 1997 NI 22

Prohibition on carrying on banking

24. ^{F3}

F3 Art. 24 omitted (31.3.2012) by virtue of [Financial Services and Markets Act 2000 \(Permissions, Transitional Provisions and Consequential Amendments\) \(Northern Ireland Credit Unions\) Order 2011 \(S.I. 2011/2832\)](#), arts. 1(2), **13(11)**

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Prohibition on deposit-taking

25.—(1) Subject to Articles 26 and 27, a credit union shall not accept a deposit from any person except by way of subscription for its shares.

- (2) ^{F4}
- (4) ^{F5}
- (5) ^{F6}

F4	Art. 25(2) omitted (31.3.2012) by virtue of Financial Services and Markets Act 2000 (Permissions, Transitional Provisions and Consequential Amendments) (Northern Ireland Credit Unions) Order 2011 (S.I. 2011/2832) , arts. 1(2), 13(12)
F5	Art. 25(4) omitted (31.3.2012) by virtue of Financial Services and Markets Act 2000 (Permissions, Transitional Provisions and Consequential Amendments) (Northern Ireland Credit Unions) Order 2011 (S.I. 2011/2832) , arts. 1(2), 13(12)
F6	Art. 25(5) omitted (31.3.2012) by virtue of Financial Services and Markets Act 2000 (Permissions, Transitional Provisions and Consequential Amendments) (Northern Ireland Credit Unions) Order 2011 (S.I. 2011/2832) , arts. 1(2), 13(12)

Deposits by persons too young to be members

26.—(1) A credit union may take deposits^{F7} . . . from a person who is under the age at which, by virtue of Article 15, he may become a member of the credit union.

- (2) ^{F8}
- (3) ^{F8}
- (4) ^{F8}
- (5) ^{F8}
- (6) ^{F8}
- (7) ^{F8}
- (8) ^{F8}
- (9) ^{F8}

F7	Words in art. 26(1) omitted (31.3.2012) by virtue of Financial Services and Markets Act 2000 (Permissions, Transitional Provisions and Consequential Amendments) (Northern Ireland Credit Unions) Order 2011 (S.I. 2011/2832) , arts. 1(2), 13(13)(a)
F8	Art. 26(2)-(9) omitted (31.3.2012) by virtue of Financial Services and Markets Act 2000 (Permissions, Transitional Provisions and Consequential Amendments) (Northern Ireland Credit Unions) Order 2011 (S.I. 2011/2832) , arts. 1(2), 13(13)(b)

Power to borrow money

27.—(1) A credit union may borrow money^{F9}

- (2) ^{F10}
- (3) ^{F10}
- (4) ^{F10}
- (5) ^{F10}

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(6) ^{F10}

- F9** Words in art. 27(1) omitted (31.3.2012) by virtue of [Financial Services and Markets Act 2000 \(Permissions, Transitional Provisions and Consequential Amendments\) \(Northern Ireland Credit Unions\) Order 2011 \(S.I. 2011/2832\)](#), arts. 1(2), **13(14)(a)**
- F10** Art. 27(2)-(6) omitted (31.3.2012) by virtue of [Financial Services and Markets Act 2000 \(Permissions, Transitional Provisions and Consequential Amendments\) \(Northern Ireland Credit Unions\) Order 2011 \(S.I. 2011/2832\)](#), arts. 1(2), **13(14)(b)**

Loans by credit unions

28.—^{F11}(1) A credit union may make to a member a loan, upon such security (or without security) and terms as the rules of the credit union may provide.]

(2) ^{F12}
Para. (3) rep. by 1997 NI 22

(4) ^{F13}

(5) A credit union may charge interest on loans made by it but such interest shall be at a rate not exceeding 1 per cent per month (or such other rate as an order may specify) on the amount of the loan outstanding and such interest shall be inclusive of all administrative and other expenses incurred in connection with the making of the loan.

(6) ^{F14}

- F11** Art. 28(1) substituted (31.3.2012) by [Financial Services and Markets Act 2000 \(Permissions, Transitional Provisions and Consequential Amendments\) \(Northern Ireland Credit Unions\) Order 2011 \(S.I. 2011/2832\)](#), arts. 1(2), **13(15)(a)**
- F12** Art. 28(2) omitted (31.3.2012) by virtue of [Financial Services and Markets Act 2000 \(Permissions, Transitional Provisions and Consequential Amendments\) \(Northern Ireland Credit Unions\) Order 2011 \(S.I. 2011/2832\)](#), arts. 1(2), **13(15)(b)**
- F13** Art. 28(4) omitted (31.3.2012) by virtue of [Financial Services and Markets Act 2000 \(Permissions, Transitional Provisions and Consequential Amendments\) \(Northern Ireland Credit Unions\) Order 2011 \(S.I. 2011/2832\)](#), arts. 1(2), **13(15)(b)**
- F14** Art. 28(6) omitted (31.3.2012) by virtue of [Financial Services and Markets Act 2000 \(Permissions, Transitional Provisions and Consequential Amendments\) \(Northern Ireland Credit Unions\) Order 2011 \(S.I. 2011/2832\)](#), arts. 1(2), **13(15)(b)**

^{F15}Loans to be treated as secured

28A.—(1) This Article applies where—

- (a) a credit union makes a loan to a member of the credit union, and
- (b) at the time the loan is made, the member's paid-up shareholding in the credit union is equal to or greater than his total liability (including contingent liability) to the credit union, whether as borrower, guarantor or otherwise.

(2) On the application of the member to the credit union, the loan shall be treated for the purposes of this Order as a secured loan.]

F15 1997 NI 22

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Loans by approved credit unions

28B. ^{F16}

F16 Art. 28B omitted (31.3.2012) by virtue of [Financial Services and Markets Act 2000 \(Permissions, Transitional Provisions and Consequential Amendments\) \(Northern Ireland Credit Unions\) Order 2011 \(S.I. 2011/2832\)](#), arts. 1(2), **13(16)**

Grant of certificates of approval

28C. ^{F17}

F17 Art. 28C omitted (31.3.2012) by virtue of [Financial Services and Markets Act 2000 \(Permissions, Transitional Provisions and Consequential Amendments\) \(Northern Ireland Credit Unions\) Order 2011 \(S.I. 2011/2832\)](#), arts. 1(2), **13(16)**

Withdrawal of certificates of approval

28D. ^{F18}

F18 Art. 28D omitted (31.3.2012) by virtue of [Financial Services and Markets Act 2000 \(Permissions, Transitional Provisions and Consequential Amendments\) \(Northern Ireland Credit Unions\) Order 2011 \(S.I. 2011/2832\)](#), arts. 1(2), **13(16)**

Promissory notes and bills of exchange

29. A promissory note or bill of exchange shall be deemed to have been made, accepted or endorsed on behalf of any credit union if made, accepted or endorsed in the name of the credit union, or by or on behalf or account of the credit union, by any person acting under the authority of the credit union.

Contracts

30.—(1) Contracts may be made, varied or discharged on behalf of a credit union as follows:—

- (a) a contract which, if made between individuals, would be by law required to be in writing under seal may be made, on behalf of the credit union in writing under the common seal of the credit union;
- (b) a contract which, if made between individuals, would be by law required to be in writing, signed by the parties to be charged with the contract, may be made on behalf of the credit union in writing by any person acting under the express or implied authority of the credit union;
- (c) a contract which, if made between individuals, would by law be valid although made by parol only, and not reduced into writing, may be made by parol on behalf of the credit union by any person acting under the express or implied authority of the credit union;
- (d) a contract made according to this paragraph may be varied or discharged in the same manner in which it is authorised by this Article to be made and a contract under seal which, if made between individuals, might be varied or discharged in writing not under seal, signed by any person interested in the contract, may be similarly varied or discharged in writing not under seal on behalf of the credit union, signed by any person acting under the express or implied authority of the credit union.

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(2) A signature purporting to be made by a person holding any office in a credit union attached to a writing by which any contract purports to be made, varied or discharged by or on behalf of the credit union shall, until the contrary is proved, be taken to be the signature of a person holding that office at the time when the signature was made.

(3) A contract which may be or have been made, varied or discharged according to the provisions of this Article shall be effectual in law and bind the credit union and its successors and all other parties to the contract.

Charges on assets of credit unions

31.—(1) An instrument which is executed by a credit union and which creates or is evidence of a fixed or floating charge on assets of the credit union shall not be a bill of sale for the purposes of the Bills of Sale (Ireland) Acts 1879 and 1883 or be invalidated by those Acts if the charge is recorded in accordance with paragraph (2).

(2) An application for the recording of a charge under paragraph (1) shall be made by delivering by post or otherwise to the registrar, within the period of 14 days beginning with the date of execution of the instrument which creates or is evidence of the charge of within any extended period allowed under paragraph (5),—

- (a) a copy of the instrument authenticated in the prescribed manner and such additional particulars relating to the charge and so authenticated as may be prescribed; and
- (b) such fee as may be prescribed.

(3) The registrar shall secure—

- (a) that an acknowledgement in the prescribed form of every application made for the purposes of this Article is issued to the person by whom the application was made; ^{F19} . . .
- (b) that the copy of the instrument included in such an application, a note of any prescribed particulars so included and a copy of the acknowledgement of the application issued in pursuance of sub-paragraph (a) are filed in the prescribed manner and made available for inspection during office hours by members of the public on payment of such fee as may be prescribed; ^{F20} and
- (c) that copies of the instrument included in such an application, the note of any prescribed particulars so included, and the acknowledgement of the application issued are sent to the Authority;]

and an acknowledgement issued under this paragraph shall be conclusive evidence that any document specified by the acknowledgement was delivered to the registrar on the date so specified.

(4) Regulations may provide for the giving of notice to the registrar of any release, discharge or other transaction relating to any charge in respect of which an application has been made for the purposes of this Article and for the filing in the prescribed manner of any such notice appearing to the registrar to relate to the charge.

(5) If in the case of an instrument such as is mentioned in paragraph (1) it appears to the High Court, on the application of the credit union which executed the instrument or of any other person claiming the benefit of the instrument, that by reason of inadvertence or other sufficient cause—

- (a) an application for the recording of the charge to which the instrument relates was not made within the period of 14 days mentioned in paragraph (2); or
- (b) any matters were omitted from or were mis-stated in such an application,

the Court may, on such terms as it thinks fit, order that the period for making such an application shall be extended or, as the case may be, that the omission or mis-statement shall be rectified.

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- F19** Word in art. 31(3) omitted (31.3.2012) by virtue of [Financial Services and Markets Act 2000 \(Permissions, Transitional Provisions and Consequential Amendments\) \(Northern Ireland Credit Unions\) Order 2011 \(S.I. 2011/2832\)](#), arts. 1(2), **13(17)**
- F20** Art. 31(3)(c) and preceding word inserted (31.3.2012) by [Financial Services and Markets Act 2000 \(Permissions, Transitional Provisions and Consequential Amendments\) \(Northern Ireland Credit Unions\) Order 2011 \(S.I. 2011/2832\)](#), arts. 1(2), **13(17)**

Holding of land

32.—(1) A credit union may acquire and hold in its own name any land for the purpose of conducting its business on the land but, subject to paragraph (2), for no other purpose, and may dispose of any such land; and—

- (a) no person shall be bound to inquire as to the authority for any dealing with the land by a credit union; and
- (b) the receipt of the credit union shall be a discharge for all money arising from or in connection with any dealing with land by it.

(2) A credit union may hold any estate in land so far as is necessary for the purpose of making loans to its members on the security of an estate in land and of enforcing any such security.

- (3) ^{F21}
- (4) ^{F21}

- F21** Art. 32(3)(4) omitted (31.3.2012) by virtue of [Financial Services and Markets Act 2000 \(Permissions, Transitional Provisions and Consequential Amendments\) \(Northern Ireland Credit Unions\) Order 2011 \(S.I. 2011/2832\)](#), arts. 1(2), **13(18)**

Investments

- 33.** ^{F22}

- F22** Art. 33 omitted (31.3.2012) by virtue of [Financial Services and Markets Act 2000 \(Permissions, Transitional Provisions and Consequential Amendments\) \(Northern Ireland Credit Unions\) Order 2011 \(S.I. 2011/2832\)](#), arts. 1(2), **13(19)**

Discharge of mortgages

34.—(1) Where, in the case of any mortgage to a credit union of any property, a receipt in full for all money secured by the mortgage on that property is endorsed on or annexed to the mortgage or other assurance, being a receipt—

- (a) signed by 2 members of the board of directors and countersigned by the secretary of the credit union or, if the credit union is in liquidation, signed by the liquidator or liquidators for the time being, described as such; and
- (b) in the form set out in Schedule 2, or in any other form set out in the rules of the credit union or any schedule to those rules,

then, that receipt shall be fully effective to vacate the mortgage and vest in the mortgagor the estate of and in the property comprised in the mortgage.

(2) If the mortgage is registered in accordance with the Registration of Deeds Acts, the Registrar under those Acts shall—

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- (a) on production of the receipt mentioned in paragraph (1), make an entry in the margin of the registry-book against the registry of the memorial of the mortgage that the mortgage is satisfied; and
 - (b) grant a certificate, either on the mortgage or separately, that the mortgage is satisfied.
- (3) The certificate granted under paragraph (2) (b) shall—
- (a) be received in all courts and proceedings without further proof; and
 - (b) have the effect of clearing the register of the mortgage.
- (4) In this Article “mortgage” includes a further charge, and “mortgagor”, in relation to a mortgage, means the person for the time being entitled to the equity of redemption.

Receipt on payment of money secured to a credit union

35. On payment of all money intended to be secured to a credit union on the security of any property, the debtor or his successor or representatives shall be entitled to a receipt in the form set out in Schedule 2, or in any other form set out in the rules of the credit union or any schedule to those rules.

[^{F23}Application of surplus]

- 36.—**(1) ^{F24}
- (2) ^{F25}

[^{F26}(3) Following the application of such amount of its surplus funds to its reserves as may be required by rules made by the Authority under the 2000 Act, a credit union may apply such proportion of the remaining amount available for distribution in respect of any year of account (that is to say, the surplus for that year reduced or increased by any transfer to or from general reserve) in one or more of the following ways as the credit union may in general meeting determine—

- (a) subject to paragraph (4), in the payment to members of dividends on the amount of their paid-up shares;
- (b) as a rebate of interest paid by or due from members who have received loans from the credit union, such rebate being proportional to the interest paid by or due from such members during that year of account; and
- (c) subject to paragraph (5), for social, cultural or charitable purposes.]

(4) The dividend payable on any shares of a credit union shall not exceed a rate of 8 per cent per annum or such other rate as an order may specify.

(5) No part of the amount available for distribution in respect of any year of account shall be applied by a credit union for the purposes mentioned in paragraph (3) (c) unless a dividend of not less than 3 per cent per annum (or such other rate as an order may specify) is paid for that year on all paid-up shares of the credit union; and the total sum applied for those purposes out of the amount available for distribution in respect of any year of account shall not exceed 10 per cent of that amount.

- (6) ^{F27}
- (7) ^{F28}

F23 Art. 36 heading substituted (31.3.2012) by [Financial Services and Markets Act 2000 \(Permissions, Transitional Provisions and Consequential Amendments\) \(Northern Ireland Credit Unions\) Order 2011 \(S.I. 2011/2832\)](#), arts. 1(2), **13(20)**

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- F24** Art. 36(1) omitted (31.3.2012) by virtue of [Financial Services and Markets Act 2000 \(Permissions, Transitional Provisions and Consequential Amendments\) \(Northern Ireland Credit Unions\) Order 2011 \(S.I. 2011/2832\)](#), arts. 1(2), **13(20)(a)**
- F25** Art. 36(2) omitted (31.3.2012) by virtue of [Financial Services and Markets Act 2000 \(Permissions, Transitional Provisions and Consequential Amendments\) \(Northern Ireland Credit Unions\) Order 2011 \(S.I. 2011/2832\)](#), arts. 1(2), **13(20)(a)**
- F26** Art. 36(3) substituted (31.3.2012) by [Financial Services and Markets Act 2000 \(Permissions, Transitional Provisions and Consequential Amendments\) \(Northern Ireland Credit Unions\) Order 2011 \(S.I. 2011/2832\)](#), arts. 1(2), **13(20)(b)**
- F27** Art. 36(6) omitted (31.3.2012) by virtue of [Financial Services and Markets Act 2000 \(Permissions, Transitional Provisions and Consequential Amendments\) \(Northern Ireland Credit Unions\) Order 2011 \(S.I. 2011/2832\)](#), arts. 1(2), **13(20)(a)**
- F28** Art. 36(7) omitted (31.3.2012) by virtue of [Financial Services and Markets Act 2000 \(Permissions, Transitional Provisions and Consequential Amendments\) \(Northern Ireland Credit Unions\) Order 2011 \(S.I. 2011/2832\)](#), arts. 1(2), **13(20)(a)**

Insurance against fraud or other dishonesty

37. ^{F29}

- F29** Art. 37 omitted (31.3.2012) by virtue of [Financial Services and Markets Act 2000 \(Permissions, Transitional Provisions and Consequential Amendments\) \(Northern Ireland Credit Unions\) Order 2011 \(S.I. 2011/2832\)](#), arts. 1(2), **13(21)**

Guarantee funds

38.—(1) Subject to the provisions of this Article, a credit union, or any 2 or more credit unions, may enter into arrangements with a person carrying on the business of insurance for the purpose of making funds available to meet losses incurred by members of a credit union which is a party to the arrangements; and any 2 or more credit unions may enter into any other kind of arrangements for that purpose.

(2) [^{F30}A] credit union may make contributions under arrangements made in accordance with paragraph (1), and such arrangements may in particular provide for the vesting of a fund in trustees appointed under the arrangements.

(3) ^{F31}

- F30** Word in art. 38(2) substituted (31.3.2012) by [Financial Services and Markets Act 2000 \(Permissions, Transitional Provisions and Consequential Amendments\) \(Northern Ireland Credit Unions\) Order 2011 \(S.I. 2011/2832\)](#), arts. 1(2), **13(22)(a)**
- F31** Art. 38(3) omitted (31.3.2012) by virtue of [Financial Services and Markets Act 2000 \(Permissions, Transitional Provisions and Consequential Amendments\) \(Northern Ireland Credit Unions\) Order 2011 \(S.I. 2011/2832\)](#), arts. 1(2), **13(22)(b)**

Prohibition on undischarged bankrupts and other persons

39. ^{F32}

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F32 Art. 39 omitted (31.3.2012) by virtue of [Financial Services and Markets Act 2000 \(Permissions, Transitional Provisions and Consequential Amendments\) \(Northern Ireland Credit Unions\) Order 2011 \(S.I. 2011/2832\)](#), arts. 1(2), **13(23)**

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