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STATUTORY INSTRUMENTS

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**2011 No. 2687**

**The Legislative Reform (Industrial and Provident Societies and Credit Unions) Order 2011**

**PART 4**

**Credit Unions**

**Common bonds**

**13. After section 1 insert—**

**“Common bonds appropriate to a credit union**

**1A.—**(1) Under the rules of the society admission to membership must be restricted to persons who fall within one or more common bonds appropriate to a credit union (whether or not any other qualifications for admission to membership are required under the rules).

(2) The common bonds appropriate to a credit union are—

- (a) following a particular occupation;
- (b) being employed by a particular employer;
- (c) residing or being employed in a particular locality;
- (d) being a member of a bona fide organisation or being otherwise associated with other members of the society for a purpose other than that of forming a society to be registered as a credit union;
- (e) any other common bond for the time being approved by the Authority.

(3) If the rules of a credit union so provide, a person who is a member of the same household as, and is a relative of, another person who is a member of the credit union and falls directly within a common bond is treated as also falling within that common bond.

(4) For the purposes of this section, a body corporate or a person applying for membership in his capacity as a partner in a partnership or an officer or member of the governing body of an unincorporated association—

- (a) falls within the common bond specified in paragraph (a) of subsection (2) if the principal business of the body corporate, partnership or unincorporated association—
  - (i) requires it to employ or otherwise engage persons who follow that occupation, or
  - (ii) relates to that occupation in some other way;
- (b) falls within the common bond specified in paragraph (b) of that subsection if the body corporate, partnership or unincorporated association—
  - (i) employs the persons who qualify for membership under that common bond, or

- (ii) provides services, or is otherwise related, to that employer;
  - (c) falls within the common bond specified in paragraph (c) of that subsection if the body corporate, partnership or unincorporated association has a place of business in, or other significant connection with, that locality; and
  - (d) falls within the common bond specified in paragraph (d) of that subsection 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 paragraph.
- (5) The Authority may accept as sufficient evidence that the requirement of this section is met a statutory declaration to that effect given by three members and the secretary of the society.

**Further requirements where common bond relates to locality**

- 1B.—**(1) The requirements of this section must be met where—
- (a) the rules of a society provide for one or more common bonds involving a connection with a locality, or
  - (b) the rules of a society provide for one or more common bonds of such other description as may be specified.
- (2) The requirements are—
- (a) that the conditions in subsection (3) are met, or
  - (b) that extraordinary circumstances exist justifying registration of the society as a credit union.
- (3) The conditions are—
- (a) that the number of potential members of the society does not exceed two million or such higher figure as may be specified; and
  - (b) that it is reasonably practicable for every potential member to participate in votes of the society, serve on the society's committee and have access to all the services offered by the society.
- (4) The Authority may accept as sufficient evidence that the conditions in subsection (3) are met a statutory declaration to that effect given by three members and the secretary of the society.
- (5) In this section “specified” means specified by order made by the Treasury.”