



STATUTORY INSTRUMENTS.

**S.I. No. 344 of 2009**



CREDIT UNION ACT 1997 (SECTION 85) RULES 2009

**(Prn. A9/1226)**

## CREDIT UNION ACT 1997 (SECTION 85) RULES 2009

The Irish Financial Services Regulatory Authority, in performance of the functions of the Authority in accordance with section 33C(1)(a) of the Central Bank Act 1942 (No. 22 of 1942) and in exercise of the powers set out in Section 85 of the Credit Union Act 1997 (No. 15 of 1997), hereby makes the following rules:

1. These Rules may be cited as the Credit Union Act 1997 (Section 85) Rules 2009.

2. (a) In these Rules—

“additional regulatory reserve” means a realised, unrestricted and non-distributable reserve to be maintained by a credit union under these Rules;

“the Act” means the Credit Union Act, 1997 (as amended);

“Regulatory Reserve Ratio” in relation to a credit union means the amount held in the total regulatory reserve of a credit union expressed as a percentage of the total assets of a credit union;

“Registrar” means the Registrar of Credit Unions;

“statutory reserve” means the reserve that a credit union must establish and maintain pursuant to Section 45 of the Act;

“total assets of a credit union” means all of the assets of a credit union having due regard to the accounting principles set out in Section 110 of the Act after deducting any provisions for bad or doubtful debts;

“total regulatory reserve” means the total of the amount held in the statutory reserve and, where relevant, the additional regulatory reserve.

(b) All words and phrases not defined in these Rules shall carry the same meaning as in the Act.

3. (a) A credit union must maintain continually a minimum Regulatory Reserve Ratio of at least 10 (ten) per cent. Where the statutory reserve of a credit union is not sufficient to meet the required minimum, a credit union must hold in reserve an amount which, together with the statutory reserve will meet the required minimum. This

*Notice of the making of this Statutory Instrument was published in “Iris Oifigiúil” of 1st September, 2009.*

additional reserve will be known as the ‘additional regulatory reserve’.

- (b) A credit union must maintain its statutory reserve at a level equal to at least 8 (eight) per cent of the total assets of the credit union.
4. (a) From time to time the Registrar may set out conditions on the application of these Rules with which credit unions must comply. Any such conditions may be published generally or may be communicated to individual credit unions.
- (b) The Registrar may impose conditions on an individual credit union that are different to any conditions that have been published generally.
  - (c) All conditions published or communicated by the Registrar under paragraph (a) will be binding on a credit union.
5. Nothing in these Rules affects the obligation on a credit union to comply with Section 45, subsection (1), of the Act.
6. (a) In the financial year commencing 1 October 2010, the Registrar may permit a credit union to maintain a Regulatory Reserve Ratio based on the overall risk profile of the assets of the credit union if the Registrar is satisfied, following a review of the business and affairs of the credit union, that it would be appropriate to do so. Any such permission will be subject to an approval process.
- (b) The Registrar may set out conditions for credit unions in relation to matters set out in paragraph (a).
7. These Rules shall come into effect on the 30th September 2009.

Signed for and on behalf of:

THE IRISH FINANCIAL SERVICES REGULATORY AUTHORITY,

on this the 27th day of August 2009.

BRENDAN LOGUE

Registrar of Credit Unions.

EXPLANATORY NOTE

*(This note is not part of the Instrument and does not purport to be a legal interpretation.)*

These Rules impose requirements on credit unions to keep a minimum amount of reserves in proportion to their total assets.

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CONTAE MHAIGH EO,  
(Teil: 01 - 6476834 nó 1890 213434; Fax: 094 - 9378964 nó 01 - 6476843)  
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