



Number 34 of 2023

Credit Union (Amendment) Act 2023



Number 34 of 2023

CREDIT UNION (AMENDMENT) ACT 2023

CONTENTS

Section

1. Short title and commencement
2. Definition
3. Amendment of section 2 of Principal Act (interpretation)
4. Amendment of section 6 of Principal Act (conditions for registration as a credit union)
5. Amendment of section 7 of Principal Act (application for registration as a credit union)
6. Amendment of section 13 of Principal Act (rules)
7. Amendment of section 14 of Principal Act (amendment of registered rules)
8. Amendment of section 15 of Principal Act (rules to bind members)
9. Amendment of section 17 of Principal Act (requirements of, and qualifications for, membership)
10. Amendment of section 19 of Principal Act (expulsion and withdrawal from credit union)
11. Amendment of section 21 of Principal Act (nomination of property in credit union)
12. Amendment of section 22 of Principal Act (proceedings on death of nominator)
13. Amendment of section 23 of Principal Act (provision for small payments on death)
14. Amendment of section 29 of Principal Act (transfer of shares)
15. Amendment of section 30 of Principal Act (dividends on shares)
16. Amendment of section 32 of Principal Act (restrictions on withdrawal of shares and deposits)
17. Amendment of section 33 of Principal Act (power to borrow)
18. Amendment of section 35 of Principal Act (making of loans)
19. Amendment of section 36 of Principal Act (approval of loans)
20. Amendment of section 37 of Principal Act (appeal against non-approval of loan)
21. Amendment of section 37B of Principal Act (credit agreement in respect of loans exceeding €200)
22. Amendment of section 38 of Principal Act (interest on loans)
23. Amendment of section 42 of Principal Act (receipt for repayment of secured debt)
24. Amendment of section 43 of Principal Act (investments)
25. Amendment of section 48 of Principal Act (power to provide additional services)

26. Referral to another credit union
27. Amendment of section 53 of Principal Act (board of directors)
28. Amendment of section 54 of Principal Act (directors: procedural divisions)
29. Amendment of section 55 of Principal Act (functions of board of directors)
30. Amendment of section 55A of Principal Act (chair of board of directors, etc.)
31. Amendment of section 56B of Principal Act (nomination committee)
32. Amendment of section 57 of Principal Act (directors: supplemental provisions)
33. Amendment of section 63 of Principal Act (officers: principal posts)
34. Amendment of section 63A of Principal Act (manager of credit union)
35. Amendment of section 65 of Principal Act (credit officer and credit control officer)
36. Amendment of section 66 of Principal Act (officers: suspension and removal by Supervisory Committee)
37. Amendment of section 66C of Principal Act (reporting to Bank)
38. Amendment of section 67 of Principal Act (credit, credit control and membership committees)
39. Amendment of section 68 of Principal Act (limitation of remuneration)
40. Amendment of section 72 of Principal Act (persons disqualified from acting)
41. Amendment of section 76 of Principal Act (inspection of books)
42. Amendment of section 76B of Principal Act (risk management systems and systems and control)
43. Amendment of section 76F of Principal Act (records management)
44. Amendment of section 76J of Principal Act (outsourcing)
45. Amendment of section 76K of Principal Act (internal audit)
46. Amendment of section 76N of Principal Act (election of board oversight committee)
47. Amendment of section 76O of Principal Act (board oversight committee: procedural provisions)
48. Amendment of section 77 of Principal Act (the organisation meeting)
49. Amendment of section 78 of Principal Act (the annual general meeting)
50. Amendment of section 80 of Principal Act (notice of general meetings)
51. Amendment of section 81 of Principal Act (general meetings: adjournment, quorum and minutes)
52. Amendment of section 82 of Principal Act (supplementing provisions as to general meetings)
53. Amendment of section 82A of Principal Act (proxies)
54. Amendment of section 87 of Principal Act (power of Bank to give regulatory directions)
55. Amendment of section 88 of Principal Act (procedural provisions relating to regulatory directions)
56. Amendment of section 92 of Principal Act (investigations and calling of meetings)

57. Amendment of section 111 of Principal Act (annual accounts)
58. Amendment of section 120 of Principal Act (auditor's report, right of access and to be heard)
59. Amendment of section 125 of Principal Act (settlement of disputes)
60. Amendment of section 126 of Principal Act (arbitration and procedural matters)
61. Amendment of section 129 of Principal Act (transfer of engagements between credit unions)
62. Amendment of section 134 of Principal Act (winding up under the Companies Acts)
63. Amendment of section 136 of Principal Act (restriction on dissolution or cancellation of registration)
64. Amendment of section 161 of Principal Act (proposals for compromise or scheme of arrangement)
65. Delivery of notices etc.
66. Disapplication of certain provisions to corporate credit unions
67. Amendment of First Schedule to Principal Act
68. Insertion of Sixth Schedule to Principal Act

ACTS REFERRED TO

Companies Act 2014 (No. 38)

Credit Union Act 1997 (No. 15)

Industrial and Provident Societies Act 1893 (56 & 57 Vict., c. 39)



Number 34 of 2023

CREDIT UNION (AMENDMENT) ACT 2023

An Act to provide for the establishment of corporate credit unions; to amend the requirements and qualifications for membership of credit unions; to alter the scope of permitted investments by credit unions; to provide for changes to the governance of credit unions; to provide for the setting of maximum interest rates on loans by credit unions; to provide for the provision of services by credit unions to members of other credit unions; to provide for the participation by credit unions in loans to members of other credit unions; and for those purposes to amend the Credit Union Act 1997; and to provide for related matters. [13th December, 2023]

Be it enacted by the Oireachtas as follows:

Short title and commencement

1. (1) This Act may be cited as the Credit Union (Amendment) Act 2023.
- (2) This Act shall come into operation on such day or days as the Minister for Finance may by order or orders appoint either generally or with reference to any particular purpose or provision and different days may be so appointed for different purposes or different provisions.

Definition

2. In this Act, “Principal Act” means the Credit Union Act 1997.

Amendment of section 2 of Principal Act (interpretation)

3. Section 2 of the Principal Act is amended, in subsection (1)—
 - (a) in the definition of “officer”, in paragraph (a), by the insertion of “a member of the appellate body referred to in section 37,” after “a member of the board oversight committee,”;
 - (b) by the insertion of the following definitions:
 - “ ‘Act of 2014’ means the Companies Act 2014;
 - ‘company’ means a company formed and registered under the Act of 2014 or an existing company within the meaning of that Act;
 - ‘corporate credit union’ means a credit union registered pursuant to section 6(6);

‘public body’ means—

- (a) a Department of State,
- (b) an entity established by or under any enactment (other than the Act of 2014 or a former enactment relating to companies within the meaning of section 5 of that Act),
- (c) any other entity established (other than under the Act of 2014 or a former enactment relating to companies within the meaning of section 5 of that Act) or appointed by the Government or a Minister of the Government, including an entity established (other than under the Act of 2014 or a former enactment relating to companies within the meaning of section 5 of that Act) by a Minister of the Government under any scheme,
- (d) a company a majority of the shares in which are held by or on behalf of a Minister of the Government,
- (e) a subsidiary of a company to which paragraph (d) relates, or
- (f) an entity (other than a subsidiary to which paragraph (e) relates) that is directly or indirectly controlled by an entity to which paragraph (b), (c), (d) or (e) relates;

‘subsidiary’ has the same meaning as it has in the Act of 2014;”,

and

- (c) by the substitution of the following definition for the definition of “common bond”:

“ ‘common bond’ means a common bond falling within subsection (3) or (7) of section 6;”.

Amendment of section 6 of Principal Act (conditions for registration as a credit union)

4. Section 6 of the Principal Act is amended—

- (a) in subsection (1), by the substitution of “Subject to subsection (6), a society may be registered” for “A society may be registered”,
- (b) in subsection (2)—
 - (i) by the substitution of the following paragraph for paragraph (a):

“(a) the promotion of the accumulation of savings by its members;”,
 - (ii) in paragraph (d), by the substitution of “the use of money” for “the wise use of money”,
 - (iii) by the deletion of paragraph (e), and
 - (iv) in paragraph (f), by the substitution of “of the well-being of the members’ community; and” for “of the well-being and spirit of the members’ community; and”,

and

(c) by the insertion of the following subsections after subsection (5):

“(6) A society may be registered under this Act as a credit union where all of the members of the society are credit unions and the Bank is satisfied that each of the following conditions is fulfilled:

(a) the society is formed—

(i) for no object other than—

(I) to provide services to those credit unions and their members,
and

(II) the objects specified in paragraphs (a) to (c) of
subsection (2),

and

(ii) for no other purposes beyond those specified in paragraphs (d)
to (g) of subsection (2);

(b) each of its members share the common bonds of a corporate credit
union;

(c) its rules comply with section 13;

(d) the place which under those rules is, or is to be, the society’s
registered office is in the State;

(e) it has in force (or will have in force if registered) such a policy of
insurance as is required by section 47.

(7) The common bonds of a corporate credit union are—

(a) that each of its members is a credit union (other than a corporate
credit union), and

(b) the additional qualifications, if any, which are stated in its rules to
be required for admission to membership of the society.

(8) In ascertaining whether the members of a society share the common
bonds of a corporate credit union, in a case in which the society has
stated in its rules additional qualifications which are required for
admission to membership of the society, the Bank shall have regard to
those qualifications.

(9) A society registered in accordance with subsection (6) may promote
collaboration between its members and enhance the services provided
by its members to their members.

(10) Where a website is maintained by or on behalf of a credit union, the
credit union shall publish, on the website maintained by it or on its
behalf, as the case may be—

- (a) a description of the common bond of the credit union, or
 - (b) where the common bond of the credit union is or includes that specified in paragraph (b) of subsection (3), a map on which the locality concerned is marked.
- (11) Where no website is maintained by or on behalf of a credit union, the credit union shall include in its annual accounts—
- (a) a description of the common bond of the credit union, or
 - (b) where the common bond of the credit union is or includes that specified in paragraph (b) of subsection (3), a map on which the locality concerned is marked.”.

Amendment of section 7 of Principal Act (application for registration as a credit union)

5. Section 7 of the Principal Act is amended—

- (a) in subsection (1), by the substitution of “Subject to subsection (1A), an application” for “An application”,
 - (b) by the insertion of the following subsection after subsection (1):
 - “(1A) An application for the registration of a society as a credit union pursuant to section 6(6) shall be made to the Bank and shall be signed on behalf of each credit union which is a member of the society by the secretary of each such credit union.”,
- and
- (c) in subsection (2), by the substitution of “An application under subsection (1) or (1A)” for “An application under subsection (1)”.

Amendment of section 13 of Principal Act (rules)

6. Section 13 of the Principal Act is amended, in subsection (1)—

- (a) by the substitution of the following paragraph for paragraph (a):
 - “(a) in the case of a credit union, other than a corporate credit union, provisions with respect to the matters specified in the First Schedule,”,
- and
- (b) by the insertion of the following paragraph after paragraph (a):
 - “(aa) in the case of a corporate credit union, provisions with respect to the matters specified in the Sixth Schedule, and”.

Amendment of section 14 of Principal Act (amendment of registered rules)

7. Section 14 of the Principal Act is amended—

(a) by the substitution of the following subsection for subsection (2):

“(2) An amendment of the registered rules of a credit union shall not be valid until the amendment has been registered under this Act, for which purpose a copy of the amendment—

(a) in the case of a credit union other than a corporate credit union, signed by 4 members, one of whom shall be the secretary and another a director, and

(b) in the case of a corporate credit union, signed on behalf of not less than 2 members by the secretary of each of those members,

shall be sent to the Bank.”,

(b) by the substitution of the following subsection for subsection (4):

“(4) Except where the Bank is satisfied that an amendment of a credit union’s rules sent to it under subsection (2) is not in the interests of the proper and orderly regulation of the credit union, the Bank shall issue to the credit union, within 3 months of its receipt of the amendment, an acknowledgement of registration which, unless the contrary is proved, shall be sufficient evidence that the amendment is duly registered.”,

(c) in subsection (5), by the substitution of “in the interests of the proper and orderly regulation of the credit union” for “not contrary to the financial services legislation”, and

(d) by the insertion of the following subsections after subsection (8):

“(9) Notwithstanding anything in the rules of a credit union, the board of directors may, by resolution passed during the second transitional period, make such amendments of the rules of the credit union as may be consequential on the provisions of the *Credit Union (Amendment) Act 2023*.

(10) For the purposes of subsection (9), the second transitional period is the period of one year from the commencement of *section 7(d)* of the *Credit Union (Amendment) Act 2023* or such longer period as may be determined by the Bank.

(11) Notwithstanding anything in subsection (4), after the expiry of one year from the commencement of *section 7(d)* of the *Credit Union (Amendment) Act 2023*, the Bank shall not be required to register any amendment of a credit union’s rules unless such consequential amendments of the registered rules as are mentioned in subsection (9) either—

(a) have been made before the Bank receives the amendment, or

(b) are to be effected by the amendment.”.

Amendment of section 15 of Principal Act (rules to bind members)**8.** Section 15 of the Principal Act is amended—

- (a) in subsection (1)—
 - (i) in paragraph (a), by the substitution of “subscribed the member’s name and affixed the member’s seal” for “subscribed his name and affixed his seal”, and
 - (ii) in paragraph (b), by the substitution of “claiming through the member” for “claiming through him”,and
- (b) in subsection (2)—
 - (i) by the substitution of “without the member’s consent” for “without his consent”,
 - (ii) by the substitution of “after they became a member” for “after he became a member”,
 - (iii) in paragraph (a)—
 - (I) by the substitution of “requires the member to subscribe” for “requires him to subscribe”, and
 - (II) by the substitution of “held by the member” for “held by him”,
 - (iv) in paragraph (b), by the substitution of “requires the member to pay” for “requires him to pay”, and
 - (v) in paragraph (c), by the substitution of “increases the member’s liability” for “increases his liability”.

Amendment of section 17 of Principal Act (requirements of, and qualifications for, membership)**9.** Section 17 of the Principal Act is amended—

- (a) in subsection (1), by the substitution of “Subject to subsection (1A), the minimum number” for “The minimum number”,
- (b) by the insertion of the following subsection after subsection (1):

“(1A) The minimum number of members of a corporate credit union at any time shall be 2.”,
- (c) in subsection (2), by the substitution of “Subject to subsection (2A), membership of a credit union” for “Membership of a credit union”,
- (d) by the insertion of the following subsection after subsection (2):

“(2A) Where a signatory to an application to register a society as a credit union has signed on behalf of a non-natural person, the non-natural person and not the signatory shall be the member of the credit union.”,

- (e) in subsection (3), by the substitution of “unless the person has” for “unless he has”,
- (f) in subsection (3A), by the substitution of “Subject to subsection (3B) and the rules of the credit union concerned” for “Subject to the rules of the credit union concerned”,
- (g) by the insertion of the following subsection after subsection (3A):
 - “(3B) A member of a corporate credit union shall cease to be a member of the corporate credit union upon ceasing to be a credit union.”,
- (h) in subsection (5), by the substitution of “a natural person” for “a person”,
- (i) by the substitution of the following subsection for subsection (7):
 - “(7) Notwithstanding any other provision of this Act, a body (whether incorporated or unincorporated), other than a corporate credit union, may be admitted to, and retain membership of, a credit union, with the same rights and obligations as a natural person where—
 - (a) the majority of the members of the body are, and continue to be, eligible for membership of the credit union,
 - (b) the body has the common bond, set out in the rules of the credit union, in relation to the other members of the credit union, or
 - (c) the body is a public body designated in an order made under subsection (7B) as being eligible for membership of—
 - (i) the credit union, or
 - (ii) a category of credit unions to which the credit union belongs.”,
- (j) by the insertion of the following subsections after subsection (7):
 - “(7A) For the purposes of ascertaining whether a body has the common bond referred to in paragraph (b) of subsection (7)—
 - (a) a body shall be treated as following a particular occupation where its business is that of a person following the occupation, and
 - (b) a body shall be treated as residing in a particular locality where it has a place of business in that locality.
 - (7B) The Minister may, following consultation with the Advisory Committee and such other bodies as appear to the Minister to be expert or knowledgeable in matters relating to credit unions, by order designate a public body as being eligible for membership of a credit union or a specified category of credit unions, which order shall specify the reasons for which the public body is so eligible.
 - (7C) The reasons referred to in subsection (7B) shall—
 - (a) where a credit union is specified in the order, be reasons relating to

the common bond of the credit union, or

- (b) where a category of credit unions is specified in the order, be reasons relating to the common bonds of credit unions falling within that category.”,

and

- (k) by the insertion of the following subsection after subsection (8):

“(9) A credit union shall—

- (a) in the case of a credit union registered before the commencement of *section 9(k)* of the *Credit Union (Amendment) Act 2023*, not later than 6 months after such commencement, and
- (b) in the case of a credit union registered after such commencement, not later than 6 months after its registration,

put in place a process, approved by the board of directors, for the approval of applications for membership of the credit union.”.

Amendment of section 19 of Principal Act (expulsion and withdrawal from credit union)

10. Section 19 of the Principal Act is amended—

- (a) in subsection (1), by the substitution of “by a resolution for the member’s expulsion” for “by a resolution for his expulsion”, and
- (b) by the substitution of the following subsection for subsection (6):

“(6) Subject to subsections (7) and (8), all moneys due in respect of withdrawable shares and deposits by a credit union to a member who withdraws or is expelled from the credit union shall be paid to the member after deduction of all moneys due from the member to the credit union; and the nominal value of non-withdrawable shares held by a member who is expelled (but not one who withdraws) may also be paid to the member (after deduction of all moneys so due).”.

Amendment of section 21 of Principal Act (nomination of property in credit union)

11. Section 21 of the Principal Act is amended—

- (a) by the substitution of the following subsection for subsection (3):

“(3) For the purpose of the disposal of any property which is the subject of a nomination under subsection (1), if, on the date of the nominator’s death, the amount of the nominator’s property in the credit union comprised in the nomination exceeds the amount standing specified, on that date, for the purposes of this subsection in an order made by the Minister under subsection (10), the nomination shall be valid to the extent of the amount standing so specified, but not further or otherwise.”.

(b) by the insertion of the following subsections after subsection (7):

“(8) The signature of a person making a written statement referred to in subsection (1) shall be witnessed by 2 other persons.

(9) Each of the witnesses referred to in subsection (8) shall witness the signature of the person making the statement by applying the witness’s own signature to the statement.

(10) The Minister may, after consultation with the Advisory Committee and such other body as the Minister considers appropriate in the circumstances, by order specify an amount for the purpose of subsection (3).”.

Amendment of section 22 of Principal Act (proceedings on death of nominator)

12. Section 22 of the Principal Act is amended—

(a) in subsection (1), by the substitution of “credit union” for “board of directors”, and

(b) in subsection (2), by the substitution of “credit union” for “board of directors”.

Amendment of section 23 of Principal Act (provision for small payments on death)

13. Section 23 of the Principal Act is amended—

(a) in subsection (1), by the substitution of the following paragraph for paragraph (a):

“(a) does not in the whole exceed the amount standing specified, on the date of the member’s death, for the purpose of this subsection in an order made by the Minister under subsection (2).”.

and

(b) by the substitution of the following subsection for subsection (2):

“(2) The Minister may, after consultation with the Advisory Committee and such other body as the Minister considers appropriate in the circumstances, by order specify an amount for the purpose of subsection (1).”.

Amendment of section 29 of Principal Act (transfer of shares)

14. Section 29 of the Principal Act is amended—

(a) in subsection (1), by the substitution of the following paragraph for paragraph (b):

“(b) if the credit union so requires in any case, the transfer has the approval of the credit union.”.

(b) by the substitution of the following subsection for subsection (3):

“(3) If, in a case where the credit union has imposed a requirement under subsection (1)(b), the credit union refuses to approve the proposed transfer of shares in the credit union by a member, the member may appeal against the refusal to a Judge of the District Court for the district in which the registered office of the credit union is situated.”,

and

(c) in subsection (4), by the substitution of “credit union” for “board of directors”.

Amendment of section 30 of Principal Act (dividends on shares)

15. Section 30 of the Principal Act is amended, in paragraph (a) of subsection (5), by the deletion of “(as ascertained under section 45)”.

Amendment of section 32 of Principal Act (restrictions on withdrawal of shares and deposits)

16. Section 32 of the Principal Act is amended—

- (a) in subsection (1), by the substitution of “from a member of the member’s intention” for “from a member of his intention”,
- (b) in subsection (2), by the substitution of “from a member of the member’s intention” for “from a member of his intention”, and
- (c) in subsection (3), by the substitution of the following paragraph for paragraph (a):

“(a) If a member of a credit union seeks to withdraw savings in the credit union at a time when the member has an outstanding liability (including a contingent liability) to the credit union, whether as borrower, guarantor or otherwise, that withdrawal shall only be permitted—

(i) if the savings are not attached savings, or

(ii) where the savings are attached savings, if the withdrawal of such attached savings is approved by the credit committee or a credit officer.”.

Amendment of section 33 of Principal Act (power to borrow)

17. Section 33 of the Principal Act is amended, in subsection (2), by the substitution of the following paragraph for paragraph (a):

“(a) the maximum amount of money a credit union may borrow at any one time, and”.

Amendment of section 35 of Principal Act (making of loans)

18. Section 35 of the Principal Act is amended—

- (a) by the substitution of the following subsection for subsection (2):

“(2) A credit union may—

- (a) make a loan to a member of the credit union,
- (b) enter into an agreement with one or more other credit unions in accordance with which the credit union agrees to participate in a loan to a member of one of those other credit unions (in this paragraph referred to as ‘the originating lender’) by the originating lender, or
- (c) enter into an agreement between—
 - (i) the credit union and one or more other credit unions, and
 - (ii) one or more members of—
 - (I) the credit union, or
 - (II) one of those other credit unions,

in accordance with which each credit union that is a party to the agreement provides a loan to the member or those members, as the case may be,

for such purpose as the credit union considers appropriate and upon such security (or without security) and terms as the rules of the credit union may provide.”,

- (b) by the insertion of the following subsection after subsection (2):

“(2A) The ability of the loan applicant to repay a loan shall be the primary consideration in the underwriting process of the credit union making the loan or participating in the loan, as the case may be.”,

and

- (c) in subsection (8), by the substitution of “the Bank may prescribe such other requirements, applicable to loans to which this section relates, as it considers necessary in relation to any one or more of the following matters:” for “the Bank may prescribe such other requirements as it considers necessary in relation to any one or more of the following matters:”.

Amendment of section 36 of Principal Act (approval of loans)

19. Section 36 of the Principal Act is amended—

- (a) in subsection (2)—
 - (i) by the substitution of “A loan must be approved” for “Subject to subsections (3) and (5), a loan must be approved”,
 - (ii) in paragraph (c), by the substitution of “credit officer; or” for “credit officer.”, and

(iii) by the insertion of the following paragraph after paragraph (c):

“(d) in accordance with a loan approval process which has been approved by the board of directors.”,

and

(b) by the deletion of subsections (3), (4) and (5).

Amendment of section 37 of Principal Act (appeal against non-approval of loan)

20. Section 37 of the Principal Act is amended—

(a) by the substitution of the following subsection for subsection (1):

“(1) If an application for a loan which was considered—

(a) by the credit committee,

(b) by a credit officer, or

(c) in accordance with a loan approval process referred to in section 36(2)(d),

was not approved under section 36, the applicant may appeal to an appellate body which, by a decision of such members of the body present at the meeting at which the appeal is considered as represents at least two-thirds of those present and a majority of the body as a whole, may give approval to the loan, overriding the decision of the credit committee, of the credit officer or that made in accordance with the approval process, as the case may be.”,

and

(b) by the deletion of subsections (2) and (3).

Amendment of section 37B of Principal Act (credit agreement in respect of loans exceeding €200)

21. Section 37B of the Principal Act is amended, in paragraph (a) of subsection (2), by the substitution of “credit union” for “board of directors”.

Amendment of section 38 of Principal Act (interest on loans)

22. Section 38 of the Principal Act is amended—

(a) (i) in subsection (1), by the substitution of the following paragraph for paragraph (a):

“(a) the interest on a loan shall not at any time exceed the rate, specified in the order made under subsection (3) applicable to—

(i) the credit agreement under which the loan is made, or

(ii) where there is no credit agreement, the loan;”,

and

(ii) by the deletion of paragraphs (b) and (c),

and

(b) by the insertion of the following subsections after subsection (2):

“(3) The Minister may, after consultation with the Advisory Committee and such other body as the Minister considers appropriate in the circumstances, by order specify a rate of interest for the purpose of subsection (1)(a).

(4) An order made under subsection (3) shall apply to a credit agreement entered into, or, where there is no credit agreement, a loan made—

(a) after the date on which the order comes into operation, and

(b) before the date, if any, on which the order next made under subsection (3) comes into operation.

(5) The Minister shall have regard to the following when making an order under subsection (3):

(a) the interest rates charged in respect of loans by credit institutions and other providers of credit;

(b) the interest rates payable by credit unions on deposit accounts and in respect of other sources of funding for loans;

(c) the need to avoid distortions in competition between credit unions, credit institutions and other providers of credit;

(d) the financial stability and well-being of credit unions generally.”.

Amendment of section 42 of Principal Act (receipt for repayment of secured debt)

23. Section 42 of the Principal Act is amended by the substitution of “the debtor or the debtor’s successor in title” for “the debtor or his successor in title”.

Amendment of section 43 of Principal Act (investments)

24. Section 43 of the Principal Act is amended, in subsection (2), by the substitution of the following paragraph for paragraph (b):

“(b) the shares of, stocks in, deposits with, loans to, or any other obligation of, a corporate credit union, a society registered under the Industrial and Provident Societies Act 1893 or a company—

(i) providing services relating to the objects and purposes specified in section 6(2), or

(ii) engaging in activities relating to the operations of credit unions, as the Bank may prescribe;”.

Amendment of section 48 of Principal Act (power to provide additional services)

25. Section 48 of the Principal Act is amended, in subsection (4)—

- (a) in paragraph (a), by the substitution of “the board of directors; and” for “the board of directors;”,
- (b) in paragraph (b), by the substitution of “of the approval.” for “of the approval; and”, and
- (c) by the deletion of paragraph (c).

Referral to another credit union

26. The Principal Act is amended by the insertion of the following section after section 51:

- “51A. (1) Where the rules of a credit union so provide, the credit union may refer a member of the credit union (in this section referred to as the ‘referring credit union’) to another credit union (in this section referred to as the ‘receiving credit union’) for the purpose of the provision by the receiving credit union of a service to the member of the referring credit union.
- (2) Where a member of a referring credit union is referred in accordance with subsection (1)—
- (a) the receiving credit union may provide the service in respect of which the referral is made to the member concerned, and
 - (b) the member concerned shall be deemed, for the purpose only of the provision of the service concerned, to be a member of the receiving credit union for the period during which the service is provided.”.

Amendment of section 53 of Principal Act (board of directors)

27. Section 53 of the Principal Act is amended—

- (a) in subsection (6), by the substitution of “Subject to section 63A(6), the board of directors” for “The board of directors”,
- (b) in paragraph (a) of subsection (10), by the substitution of “an employee or voluntary assistant of the credit union (other than the manager)” for “an employee or voluntary assistant of the credit union”,
- (c) in subsection (14), by the substitution of “A director of a credit union (other than the chair of the board of directors of the credit union)” for “Directors of a credit union”, and
- (d) in subsection (17), by the substitution of “to the Bank and, in the case of a credit union other than a corporate credit union, the board oversight committee” for “to the Bank and the board oversight committee.”.

Amendment of section 54 of Principal Act (directors: procedural divisions)

28. Section 54 of the Principal Act is amended, in subsection (1)—
- (a) in paragraph (a), by the substitution of “6 meetings” for “10 meetings”, and
 - (b) in paragraph (b), by the substitution of “10 weeks” for “6 weeks”.

Amendment of section 55 of Principal Act (functions of board of directors)

29. Section 55 of the Principal Act is amended, in paragraph (o) of subsection (1)—
- (a) by the substitution of “every 3 years, all plans and policies” for “annually, all plans, policies and procedures”, and
 - (b) by the insertion of the following subparagraph after subparagraph (xvi):
“(xvii) environmental, social and governance policy;”.

Amendment of section 55A of Principal Act (chair of board of directors, etc.)

30. Section 55A of the Principal Act is amended, in paragraph (g) of subsection (3), by the substitution of “in the case of a credit union other than a corporate credit union, facilitating the work of the board oversight committee” for “facilitating the work of the board oversight committee”.

Amendment of section 56B of Principal Act (nomination committee)

31. Section 56B of the Principal Act is amended—
- (a) in subsection (2), by the substitution of “3 members or 5 members” for “not less than 3 members and not more than 5 members”,
 - (b) in subsection (3), by the insertion of “, other than a member of the board of directors who is also the manager of a credit union,” after “directors of a credit union”,
 - (c) in paragraph (j) of subsection (4), by the insertion of “initial” after “following a director’s”, and
 - (d) in subsection (7), by the substitution of “the nomination committee shall consider the balance of gender, skills, experience and knowledge” for “the nomination committee shall consider the balance of skills, experience and knowledge”.

Amendment of section 57 of Principal Act (directors: supplemental provisions)

32. Section 57 of the Principal Act is amended—
- (a) in subsection (2), by the substitution of “and, in the case of a credit union other than a corporate credit union, the board oversight committee of the credit union” for “and the board oversight committee of the credit union”, and
 - (b) in subsection (4), by the substitution of “then, in the case of a credit union other than a corporate credit union, the secretary” for “then the board oversight

committee”.

Amendment of section 63 of Principal Act (officers: principal posts)

33. Section 63 of the Principal Act is amended—

(a) in subsection (1)—

(i) by the substitution of the following paragraph for paragraph (b):

“(b) which is—

(i) in the case of a credit union other than a corporate credit union, chaired by a member of the board oversight committee, and

(ii) in the case of a corporate credit union, chaired by a member of the board of directors,”

and

(ii) by the substitution of “the board of directors shall, subject to subsection (4A), elect” for “the board of directors shall elect”,

(b) in subsection (3), by the substitution of “the board of directors may, subject to subsection (4A), by secret ballot elect” for “the board of directors may by secret ballot elect”, and

(c) by the insertion of the following subsection after subsection (4):

“(4A) A manager appointed as a director pursuant to section 63A(6) shall not be eligible for election under subsection (1) or (3) or authorisation under subsection (4).”.

Amendment of section 63A of Principal Act (manager of credit union)

34. Section 63A of the Principal Act is amended by the insertion of the following subsections after subsection (5):

“(6) Subject to subsection (7), the board of directors of a credit union may appoint the manager of the credit union to be a member of the board of directors for such term as they determine.

(7) Where a person appointed under subsection (6) ceases to be a manager of the credit union concerned, that person shall immediately upon such cessation cease to be a member of the board of directors of that credit union.”.

Amendment of section 65 of Principal Act (credit officer and credit control officer)

35. Section 65 of the Principal Act is amended by the deletion of subsection (2).

Amendment of section 66 of Principal Act (officers: suspension and removal by Supervisory Committee)

36. Section 66 of the Principal Act is amended—

- (a) in subsection (1), by the substitution of “after notifying the Bank” for “after consulting the Bank”, and
- (b) by the substitution of the following subsection for subsection (2):

“(2) Where a director of a credit union has—

- (a) been suspended by the board oversight committee in accordance with subsection (1), and
- (b) within 7 days of that suspension, notified the board oversight committee, in writing, that he or she is aggrieved by the suspension,

the board oversight committee shall ensure that the secretary of the credit union issues, within 14 days of that notification, a notice of a special general meeting—

- (i) for the purpose of reviewing the suspension, and
- (ii) to consider whether to remove the director having regard to the action or decision taken by that director.”.

Amendment of section 66C of Principal Act (reporting to Bank)

37. Section 66C of the Principal Act is amended—

- (a) by the substitution of the following subsection for subsection (1):

“(1) A credit union shall submit an annual compliance statement to the Bank certifying its compliance with the requirements of this Part and the regulations, if any, made in respect of a matter to be prescribed under this Part by the Bank.”,

and

- (b) by the insertion of the following subsection after subsection (1):

“(1A) The Bank may prescribe the form and content of the annual compliance statement referred to in subsection (1).”.

Amendment of section 67 of Principal Act (credit, credit control and membership committees)

38. Section 67 of the Principal Act is amended—

- (a) in subsection (1), by the substitution of the following paragraph for paragraph (c):

“(c) a membership committee which shall determine applications for membership of the credit union that have been rejected under a

process referred to in section 17(9);”

and

- (b) by the deletion of subsection (3).

Amendment of section 68 of Principal Act (limitation of remuneration)

39. Section 68 of the Principal Act is amended—

- (a) in paragraph (b) of subsection (1), by the deletion of “or a principal Committee”, and
- (b) in subsection (2), by the substitution of the following paragraph for paragraph (b):

“(b) which are approved by at least 2 directors (not including the director whose expenses are being approved).”.

Amendment of section 72 of Principal Act (persons disqualified from acting)

40. Section 72 of the Principal Act is amended, in subsection (1), by the substitution of “who, in the previous 10 years, has been convicted” for “who has been convicted”.

Amendment of section 76 of Principal Act (inspection of books)

41. Section 76 of the Principal Act is amended—

- (a) by the deletion of subsection (2), and
- (b) by the substitution of the following subsection for subsection (4):

“(4) Subject to subsection (5), on the application of—

- (a) in the case of a credit union other than a corporate credit union, 30 members of the credit union, and
- (b) in the case of a corporate credit union, one or more members of the credit union holding or together holding not less than 10 per cent of the shares in the credit union,

the Bank may appoint an accountant to inspect and report on the books and documents of the credit union.”.

Amendment of section 76B of Principal Act (risk management systems and systems and control)

42. Section 76B of the Principal Act is amended, in subsection (5), by the deletion of “under this section”.

Amendment of section 76F of Principal Act (records management)

43. Section 76F of the Principal Act is amended, in paragraph (a) of subsection (1), by the

substitution of “, its auditor and, in the case of a credit union other than a corporate credit union, its board oversight committee,” for “and its board oversight committee and auditor”.

Amendment of section 76J of Principal Act (outsourcing)

44. Section 76J of the Principal Act is amended, in paragraph (a)(ii) of subsection (11), by the substitution of “and the service provider’s ability” for “and his or her ability”.

Amendment of section 76K of Principal Act (internal audit)

45. Section 76K of the Principal Act is amended, in subsection (2), by the substitution of “which shall define” for “which, subject to subsection (4), shall define”.

Amendment of section 76N of Principal Act (election of board oversight committee)

46. Section 76N of the Principal Act is amended—

(a) in subsection (1)—

(i) in paragraph (a)—

(I) by the substitution of “from among the members, by secret ballot at the organisation meeting” for “by secret ballot at the organisation meeting”,
and

(II) by the substitution of “filled, from among the members, by secret ballot at an annual general meeting” for “filled by secret ballot at an annual general meeting”,

and

(ii) in paragraph (b)—

(I) by the substitution of “in any other case, from among the members,” for “in any other case,”, and

(II) by the substitution of “filled, from among the members, by secret ballot at an annual general meeting” for “filled by secret ballot at an annual general meeting”,

and

(b) in subsection (4)(1), by the substitution of “parent, sibling or child” for “parent or child”.

Amendment of section 76O of Principal Act (board oversight committee: procedural provisions)

47. Section 76O of the Principal Act is amended—

(a) in paragraph (a) of subsection (1), by the substitution of “in every 2 months” for “in every month”,

(b) in subsection (2), by the substitution of “subsection (1)(b)” for “subsection (1)(a)”, and

(c) by the substitution of the following subsection for subsection (4):

“(4) Members of the board oversight committee shall have the right to attend all meetings of—

(a) the board of directors, and

(b) a committee acting on behalf of the board of directors under section 56A(1).”.

Amendment of section 77 of Principal Act (the organisation meeting)

48. Section 77 of the Principal Act is amended, in subsection (2), by the substitution of the following paragraph for paragraph (b):

“(b) shall, within the relevant period, be delivered to each member of the credit union.”.

Amendment of section 78 of Principal Act (the annual general meeting)

49. Section 78 of the Principal Act is amended, in subsection (5), by the substitution of “together with the notice of the meeting, to every person entitled under section 80(1) to receive a notice of the meeting” for “together with the notice of the meeting, to every person entitled to receive such a notice”.

Amendment of section 80 of Principal Act (notice of general meetings)

50. Section 80 of the Principal Act is amended in subsection (2)—

(a) by the substitution of the following paragraph for paragraph (d):

“(d) shall, within the relevant period, be delivered—

(i) personally, by post or by electronic means, to the auditor to such address as has been notified in writing to the credit union by the auditor for the purpose of receiving the notice, and

(ii) to each member of the credit union,

and”,

and

(b) in subparagraph (iii) of paragraph (e), by the substitution of “confirm the attendee’s intention” for “confirm his or her intention”.

Amendment of section 81 of Principal Act (general meetings: adjournment, quorum and minutes)

51. Section 81 of the Principal Act is amended—

(a) in subsection (4), by the substitution of “Subject to subsections (5) and (5A)” for “Subject to subsection (5)”, and

(b) by the insertion of the following subsection after subsection (5):

“(5A) The quorum for a general meeting of a corporate credit union shall be 2 members.”.

Amendment of section 82 of Principal Act (supplementing provisions as to general meetings)

52. Section 82 of the Principal Act is amended—

(a) in subsection (2), by the substitution of “irrespective of the member’s shareholding” for “irrespective of his shareholding”, and

(b) in subsection (5), by the substitution of the following paragraph for paragraph (b):

“(b) of making ineffective a demand for a poll on any such question which is made by—

(i) in the case of a credit union other than a corporate credit union, not less than ten members, and

(ii) in the case of a corporate credit union, at least one member,

having the right to vote at the meeting (or, as the case may be, the adjourned meeting).”.

Amendment of section 82A of Principal Act (proxies)

53. Section 82A of the Principal Act is amended—

(a) in subsection (1), by the substitution of “as the member’s proxy to attend and vote instead of the member” for “as his or her proxy to attend and vote instead of him or her”,

(b) in subsection (4), by the substitution of “the appointer or of the appointer’s attorney” for “the appointer or of his or her attorney”, and

(c) in subsection (12), by the substitution of “at the member’s request in writing” for “at his or her request in writing”.

Amendment of section 87 of Principal Act (power of Bank to give regulatory directions)

54. Section 87 of the Principal Act is amended, in paragraph (b) of subsection (5), by the substitution of “against the member’s indebtedness” for “against his indebtedness”.

Amendment of section 88 of Principal Act (procedural provisions relating to regulatory directions)

55. Section 88 of the Principal Act is amended, in subsection (1), by the substitution of the

following paragraph for paragraph (b):

- “(b) the secretary of the credit union concerned shall, as soon as practicable, notify—
- (i) every member of the board of directors of the credit union, and
 - (ii) in the case of a credit union other than a corporate credit union, every member of the board oversight committee of that credit union,
- of the giving of those directions.”.

Amendment of section 92 of Principal Act (investigations and calling of meetings)

56. Section 92 of the Principal Act is amended, in subsection (1), by the substitution of the following paragraph for paragraph (a):

- “(a) an application is made to the Bank by—
- (i) in the case of a credit union other than a corporate credit union, not less than 30 members, and
 - (ii) in the case of a corporate credit union, not less than 2 members, each of whom has been a member of the credit union throughout the period of 12 months ending on the date of the application, or”.

Amendment of section 111 of Principal Act (annual accounts)

57. Section 111 of the Principal Act is amended, in subsection (4), by the substitution of the following paragraph for paragraph (c):

- “(c) it has been signed by the manager of the credit union and by a member of the board of directors acting on behalf of the board.”.

Amendment of section 120 of Principal Act (auditor’s report, right of access and to be heard)

58. Section 120 of the Principal Act is amended, in subsection (2), by the substitution of “and, in the case of a credit union other than a corporate credit union, the members of the board oversight committee,” for “and the members of the board oversight committee”.

Amendment of section 125 of Principal Act (settlement of disputes)

59. Section 125 of the Principal Act is amended—

- (a) in paragraph (a) of subsection (1), by the substitution of “in their capacity as a member” for “in his capacity as a member”,
- (b) in subsection (2), by the substitution of “Subject to subsection (5),” for “Subject to subsections (3) and (5),”,
- (c) by the deletion of subsection (3), and

- (d) in subsection (4), by the substitution of “mentioned in subsection (2)” for “mentioned in subsection (2) or subsection (3)”.

Amendment of section 126 of Principal Act (arbitration and procedural matters)

60. Section 126 of the Principal Act is amended by the deletion of subsections (3), (4) and (5).

Amendment of section 129 of Principal Act (transfer of engagements between credit unions)

61. Section 129 of the Principal Act is amended by the substitution of the following subsection for subsection (1):

“(1) Subject to compliance with section 130—

- (a) a credit union, other than a corporate credit union, may transfer its engagements to another credit union which, in accordance with this section, undertakes to fulfil the engagements, and
- (b) a corporate credit union may transfer its engagements to another corporate credit union which, in accordance with this section, undertakes to fulfil the engagements.”.

Amendment of section 134 of Principal Act (winding up under the Companies Acts)

62. Section 134 of the Principal Act is amended, in subsection (4)—

- (a) in paragraph (b), by the substitution of “after the person ceased to be a member” for “after he ceased to be a member”,
- (b) in paragraph (d), by the substitution of “in respect of which the person is liable” for “in respect of which he is liable”, and
- (c) in paragraph (e), by the substitution of “as from the date of the person’s notice” for “as from the date of his notice”.

Amendment of section 136 of Principal Act (restriction on dissolution or cancellation of registration)

63. Section 136 of the Principal Act is amended by the substitution of the following subsection for subsection (1):

“(1) Until a certificate under this section has been lodged with the Bank—

- (a) a credit union shall not be dissolved in accordance with section 135(6), and
- (b) the Bank shall not cancel the registration of a credit union under section 97(2)(b).”.

Amendment of section 161 of Principal Act (proposals for compromise or scheme of arrangement)

64. Section 161 of the Principal Act is amended by the substitution of the following subsection for subsection (6):

- “(6) For the purposes of this section and sections 162 and 163, the interest of a member of a credit union in the credit union is impaired if—
- (a) the member is deprived of all or any part of the rights accruing to the member by virtue of the member’s shareholding in, or membership of, the credit union, or
 - (b) the member is deprived of the whole or part of the member’s shareholding in the credit union.”.

Delivery of notices etc.

65. The Principal Act is amended by the insertion of the following section after section 188:

“**188A.** (1) Subject to subsection (3), where a notice, direction or other document is authorised or required by or under this Act to be sent or delivered to a member of a credit union by the credit union, the credit union shall, unless otherwise specified in this Act, do so in one of the following ways:

- (a) by delivery to the member;
 - (b) by post to the address of the member as recorded in the books of the credit union or such other address as has been notified in writing to the credit union by that member for the purpose of receiving the notice, direction or other document by post;
 - (c) by electronic means to such address as has been notified in writing to the credit union by that member for the purpose of receiving the notice, direction or other document electronically.
- (2) Subject to subsection (3), a copy of a document, other than a notice, required to be sent or delivered shall be treated as having been sent or delivered, as the case may be, by a credit union to a member where—
- (a) the credit union and the member have agreed to the member having access to the document on a website maintained by or on behalf of the credit union,
 - (b) the member is notified, in a manner for the time being agreed for the purpose of such notification between the member and the credit union, of—
 - (i) the publication of the document on the website referred to in paragraph (a),
 - (ii) the address of that website,

- (iii) the place on that website where the document may be accessed, and
 - (iv) how the document may be accessed,
- (c) in the case of annual accounts—
- (i) the credit union’s rules allow for distribution of or access to the annual accounts by electronic means,
 - (ii) the credit union has requested, in writing, the member’s consent to the use of electronic means for conveying the credit union’s annual accounts and the member has not objected to such use within 10 days of the receipt by the member of the request, and
 - (iii) the member may request at any time in the future that the annual accounts be conveyed to the member in writing,
- (d) where the document is required to be delivered within a relevant period (as specified for the purpose of the provision requiring such delivery)—
- (i) the document is published on the website referred to in paragraph (a) in the period from the start of the relevant period to the conclusion of the meeting concerned, and
 - (ii) the notification given for the purposes of paragraph (b) is given during the relevant period.
- (3) This section shall not apply to the service, by or under this Act, of a notice, direction or other document.”.

Disapplication of certain provisions to corporate credit unions

66. The Principal Act is amended by the insertion of the following section after section 189:

“190. The following provisions shall not apply in respect of a corporate credit union:

- (a) section 17(1);
- (b) sections 21 to 25;
- (c) section 53(10)(a) and (c);
- (d) section 65;
- (e) section 66;
- (f) section 67;
- (g) section 68;
- (h) Part IVA;
- (i) section 81(5);

- (j) section 97(1)(a)(i);
- (k) section 128;
- (l) Part VIII.”.

Amendment of First Schedule to Principal Act

67. The First Schedule to the Principal Act is amended by the substitution of the following paragraph for paragraph 12:

- “12. Provision for dealing with disputes between the credit union and any of its members, or any person claiming by or through any member or under the rules.”.

Insertion of Sixth Schedule to Principal Act

68. The Principal Act is amended by the insertion of the following Schedule after the Fifth Schedule:

“SIXTH SCHEDULE

Section 13

Matters to be provided for in rules of corporate credit union

1. The name of the credit union, which shall comply with section 10.
2. The place which is to be the registered office of the credit union to which all communications and notices to the credit union may be addressed.
3. The qualifications required for, and the terms of, admission to membership of the credit union.
4. The mode of holding meetings and the method of notice, including provision as to the quorum necessary for the transaction of any description of business, and the mode of making, altering or rescinding rules.
5. The appointment and removal of the board of directors and any principal Committee and of other officers and their respective powers and remuneration.
6. Determination of the maximum amount of the interest in the shares of the credit union which may be held by any member.
7. Provision for the mode of withdrawal of shares and payment of the balance due on shares on withdrawing from the credit union.
8. The mode and circumstances in which loans to members and, where relevant, their members and loans to members of other credit unions on a referral basis, are to be made and repaid.

9. Provision for the custody and use of the credit union's seal.
10. Provision for the audit of accounts by one or more auditors appointed by the credit union.
11. Whether disputes between the credit union and any of its members, and, where relevant, their members, or any person claiming by or through any member or member of the credit union's member or under the rules, shall be settled by reference to the Circuit Court or arbitration.
12. Provision for the withdrawal of members from the credit union and for the claims of the members of the credit union in liquidation.
13. Provision for dealing with directors who are more than 90 consecutive days in arrears under a debt obligation to the credit union up to and including the suspension or removal from the board of such directors.”.