

SCHEDULE 1

Regulation 2

RESTRICTION ON USE

The rule included in a prescribed community benefit society's rules must be in the following terms—

“Restriction on use

Pursuant to regulations made under Article 9 of the Industrial and Provident Societies (Northern Ireland) Order 2006:

- (1) All of the society's assets are subject to a restriction on their use.
- (2) The society must not use or deal with its assets except—
 - (a) where the use or dealing is, directly or indirectly, for a purpose that is for the benefit of the community;
 - (b) to pay a member of the society the value of his withdrawable share capital or interest on such capital;
 - (c) to make a payment pursuant to section 23 (proceedings on death of nominator), 24 (provision for small payments on death) or 25 (payments in respect of mentally incapable persons) of the Industrial and Provident Societies Act (Northern Ireland) 1969;
 - (d) to make a payment in accordance with the rules of the society to trustees of the property of bankrupt members;
 - (e) where the society is to be dissolved or wound up, to pay its creditors; or
 - (f) to transfer its assets to one or more of the following—
 - (i) a prescribed community benefit society whose assets have been made subject to a restriction on use and which will apply that restriction to any assets so transferred;
 - (ii) a registered housing association which has a restriction on the use of its assets which is equivalent to a restriction on use and which will apply that restriction to any assets so transferred;
 - (iii) a charity (including a community benefit society that is a charity); or
 - (iv) a body, established in England and Wales, Scotland or a State other than the United Kingdom, that is equivalent to any of those persons.
- (3) Any expression used in this rule which is defined for the purposes of regulations made under Article 9 of the 2006 Order shall have the meaning given by those regulations.”

SCHEDULE 2

Regulation 17

APPLICATION OF THE 1969 ACT WITH MODIFICATIONS

1.—(1) Subsection (3) of section 2(1) (registration of society) shall, for the purposes of the registration of a prescribed community benefit society that has included in its rules a restriction on use, have effect as if, after “thereunder”, there were inserted “and the provisions of the Community Benefit Societies (Restriction on Use of Assets) Regulations (Northern Ireland) 2006”.

(2) Subsection (3) of section 9(2) (amendment of registered rules) shall, for the purposes of an amendment made to the rules of a prescribed community benefit society in accordance with

(1) Section 2 was amended by [S.I. 1997/2984 \(N.I. 22\)](#)

(2) Section 9 was amended by [S.I. 1992/1725 \(N.I. 15\)](#) and [S.I. 1997/2984 \(N.I. 22\)](#)

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regulation 4(2), have effect as if, after “this Act” there were inserted “or the provisions of the Community Benefit Societies (Restriction on Use of Assets) Regulations (Northern Ireland) 2006”.

2. Section 15(3) (cancellation of registration of society) shall apply to a prescribed community benefit society that has a restriction on use as if—

(a) at the end of subsection (1)(c), there were inserted—

“; or

(iv) on proof to the his satisfaction that the society has contravened regulation 3 of the Community Benefit Societies (Restriction on Use of Assets) Regulations (Northern Ireland) 2006”; and

(b) in subsection (4), after “subsection (1)(c)(ii)” there were inserted “or (iv)”.

3. Section 57(4) (production of documents and provision of information for certain purposes) shall apply to a prescribed community benefit society that has a restriction on use and to an officer or former officer of such a society as if, in subsection (1)—

(a) after “section 15(1)(c)(ii)” there were inserted “or (iv)”; and

(b) after “or 65” there were inserted “, or regulation 9, 10 or 11 of the Community Benefit Societies (Restriction on Use of Assets) Regulations (Northern Ireland) 2006 or for the purposes of gathering evidence to enable the court to exercise its powers under regulation 15 of those Regulations”.

4. Section 59 (amalgamation of societies) shall apply to a prescribed community benefit society that has a restriction on use as if—

(a) at the beginning of subsection (1), for the word “Any” there were substituted “Subject to subsection (1A), any”; and

(b) after subsection (1), there were inserted—

“(1A) A registered society that—

(a) is a prescribed community benefit society ; and

(b) has a restriction on use,

may only amalgamate with another registered society that is a prescribed community benefit society and has a restriction on use and, for this purpose, “prescribed community benefit society” and “restriction on use” have the same meaning as in the Community Benefit Societies (Restriction on Use of Assets) Regulations (Northern Ireland) 2006.”.

5. Section 60 (transfer of engagements between societies) shall apply to a prescribed community benefit society that has a restriction on use as if—

(a) at the beginning of subsection (1), for the word “Any” there were substituted “Subject to subsection (1A), any”; and

(b) after subsection (1), there were inserted—

“(1A) A registered society that—

(a) is a prescribed community benefit society; and

(b) has a restriction on use,

may only transfer its engagements in accordance with subsection (1) where the effect of that transfer would be that the whole or any part of the society’s assets would be transferred to another registered society that is a prescribed community benefit society and has a restriction on use and, for this purpose, “prescribed community benefit society”

(3) Section 15 was amended by S.I. 1984/703 (N.I. 3) and S.I. 1997/2984 (N.I. 22)

(4) Section 57 was amended by S.I. 1984/703 (N.I. 3)

and “restriction on use” have the same meaning as in the Community Benefit Societies (Restriction on Use of Assets) Regulations (Northern Ireland) 2006.”.

6. Section 61(5) (conversion into, or transfer of engagements to, company) shall apply to a prescribed community benefit society that has a restriction on use as if, for subsection (1), there were substituted—

“(1) A registered society may by special resolution determine to convert itself into, or transfer its engagements to—

- (a) a company to be formed and registered under the Companies (Northern Ireland) Order 1986 that is a registered housing association (within the meaning in the Community Benefit Societies (Restriction on Use of Assets) Regulations (Northern Ireland) 2006); or
- (b) a company to be formed and registered under the Companies (Northern Ireland) Order 1986 that is a charity (within the meaning of those Regulations).”.

7. Section 68 (restriction on dissolution or cancellation of registration of society) shall apply to a prescribed community benefit society that has a restriction on use as if—

- (a) in subsection (1), after “persons entitled” there were inserted “and that any such conveyance or transfer complied with the society’s restriction on use”; and
- (b) in subsection (2), at the end, there were added “and that any such conveyance or transfer complied with the society’s restriction on use”.