



# Co-operative and Community Benefit Societies Act 2014

## 2014 CHAPTER 14

### PART 1

#### REGISTRATION

##### *Introduction*

#### **1 Meaning of “registered society”**

- (1) In this Act “registered society” means a society registered under this Act, that is—
- (a) a society registered under this Act on or after 1 August 2014 (the day this Act comes into force), or
  - (b) (by virtue of section 150(1)) a society that immediately before that date was registered or treated as registered under the 1965 Act.
- (2) In this Act “the 1965 Act” means the Industrial and Provident Societies Act 1965.

##### *Registration*

#### **2 Societies that may be registered**

- (1) A society for carrying on any industry, business or trade (including dealings of any kind with land) which meets the conditions in subsection (2) may be registered under this Act as—
- (a) a co-operative society, or
  - (b) a community benefit society.
- (2) The conditions are—
- (a) that it is shown to the satisfaction of the FCA—

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- (i) in the case of registration as a co-operative society, that the society is a bona fide co-operative society, or
  - (ii) in the case of registration as a community benefit society, that the business of the society is being, or is intended to be, conducted for the benefit of the community,
- (b) that—
- (i) the society has at least 3 members, or
  - (ii) the society has 2 members both of which are registered societies,
- (c) that the society's rules contain provision in respect of the matters mentioned in section 14, and
- (d) that the place that under those rules is to be the society's registered office is in Great Britain or the Channel Islands.
- (3) For the purposes of subsection (2)(a)(i) “co-operative society” does not include a society that carries on, or intends to carry on, business with the object of making profits mainly for the payment of interest, dividends or bonuses on money invested or deposited with, or lent to, the society or any other person.
- (4) For registration under this Act as a credit union, see the Credit Unions Act 1979.

**Modifications etc. (not altering text)**

- C1 S. 2 excluded by 1979 c. 34, s. 2(1) (as substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\)](#), s. 154, [Sch. 4 para. 3\(2\)](#) (with [Sch. 5](#)))

### 3 Registration

- (1) An application for the registration of a society under this Act is made by sending the following to the FCA—
- (a) an application for registration, signed by—
    - (i) the society's secretary and 3 of its members, or
    - (ii) where both or all of its members are registered societies, the secretaries of 2 of those registered societies, and
  - (b) 2 copies of the society's rules or, if the application is made by electronic means, 1 copy of those rules.
- (2) If the FCA is satisfied that the society has complied with the requirements under this Act as to registration, it must—
- (a) register the society, and
  - (b) give the society an acknowledgment of registration bearing the FCA's seal.
- (3) A registered society is by virtue of its registration a body corporate by its registered name, with limited liability.
- (4) The society may sue and be sued by its registered name.
- (5) Registration vests in the society all property for the time being vested in any person in trust for the society.
- (6) Any legal proceedings pending by or against the trustees of the society may (once the society is registered) be brought or continued by or against the society.

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- (7) The acknowledgement of registration also constitutes an acknowledgment of, and is conclusive evidence of, the registration under this Act of the rules of the society in force at the date of the society's registration.

**Modifications etc. (not altering text)**

- C2** S. 3(1)(a)(i) modified by 1979 c. 34, s. 6(1A) (as inserted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\), s. 154, Sch. 4 para. 6\(3\)](#) (with Sch. 5))
- C3** S. 3(2) applied (with modifications) by 1979 c. 34, s. 2(2) (as substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\), s. 154, Sch. 4 para. 3\(2\)](#) (with Sch. 5))

#### 4 Registration etc: special cases

- (1) A society which has any withdrawable share capital may not be registered with the object of carrying on the business of banking.
- (2) Section 67(2) (taking of deposits below limits specified there not to be treated as carrying on the business of banking) applies for the purposes of subsection (1).
- (3) For the prohibition on registering a society whose objects are wholly or substantially those of a credit union otherwise than as a credit union, see section 2(3) of the Credit Unions Act 1979.
- (4) Subsection (5) applies where, for the purposes of securing (and maintaining) approval of its profit sharing scheme in accordance with Part 1 of Schedule 9 to the Income and Corporation Taxes Act 1988, the rules of a society that is a workers' co-operative contain any of the following—
- provision for membership of the society by trustees of the scheme;
  - provision denying voting rights to those trustees;
  - other provisions which appear to the FCA to be reasonably necessary for that purpose.
- (5) The provisions are to be disregarded in determining—
- whether the society should be registered as a co-operative society under this Act;
  - if the society is a registered society, whether for the purposes of this Part the society is a bona fide co-operative society.

**Modifications etc. (not altering text)**

- C4** S. 4(2) excluded by 1979 c. 34, s. 2(1) (as substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\), s. 154, Sch. 4 para. 3\(2\)](#) (with Sch. 5))

#### *Cancellation of registration*

#### 5 Cancellation of registration: conditions for cancellation

- (1) The FCA may, in writing, cancel the registration of a registered society if any of conditions A to E is met.

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- (2) Condition A is that—
- (a) the society has requested the cancellation of its registration,
  - (b) the request is evidenced in such way as the FCA from time to time directs, and
  - (c) the FCA considers it appropriate to cancel the registration.
- (3) Condition B is that any of the following is proved to the FCA's satisfaction—
- (a) that an acknowledgment of registration has been obtained by fraud or mistake;
  - (b) that the society has less than 3 members (and does not have 2 members both of which are registered societies);
  - (c) that the society has ceased to exist.
- (4) Condition C is that it is proved to the FCA's satisfaction—
- (a) that the society exists for an illegal purpose, or
  - (b) that the society has wilfully and after notice from the FCA violated any of the provisions of this Act.
- (5) Condition D is that it appears to the FCA—
- (a) in the case of a society registered as a co-operative society, that the condition in section 2(2)(a)(i) is not met;
  - (b) in the case of a society registered as a community benefit society, that the condition in section 2(2)(a)(ii) is not met;
  - (c) in the case of a pre-commencement society, that neither of the conditions in section 2(2)(a) is met.
- (6) Condition E is that—
- (a) the society's registered rules contain provision of a kind authorised by section 22 (rules of agricultural, horticultural or forestry society), and
  - (b) it appears to the FCA that—
    - (i) the society no longer consists mainly of members of a kind mentioned in that section, or
    - (ii) the activities carried on by the society do not mainly consist in making advances to its members for the purposes mentioned there.

**Modifications etc. (not altering text)**

- C5** S. 5 applied (with modifications) by 1979 c. 34, s. 20(1)-(1ZD) (as substituted (1.8.2014) by Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, **Sch. 4 para. 10(2)** (with Sch. 5))
- C6** S. 5(3)(b) modified by 1979 c. 34, s. 6(1A) (as inserted (1.8.2014) by Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, **Sch. 4 para. 6(3)** (with Sch. 5))

## 6 Cancellation of registration: procedure and effect

- (1) The FCA must give a registered society at least 2 months' notice in writing of the proposed cancellation of its registration, specifying briefly the ground of the proposed cancellation.
- (2) Subsection (1) does not apply to any cancellation—
- (a) made by virtue of condition A in section 5 (cancellation at society's request),
  - (b) made by virtue of section 112(2) (cancellation following conversion into a company etc), or

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- (c) made after a relevant certificate within the meaning of section 126 (certificate that society's property has been transferred to persons entitled to it) has been lodged with the FCA.
- (3) If the society appeals under section 9 before the end of the period of notice, its registration may not be cancelled before the date the appeal is determined or abandoned.

For the FCA's power to suspend the society's registration in these circumstances, see section 8(3).

- (4) For the right of the society to make representations and to be heard by the FCA in a case where condition D in section 5 is relied on, see section 7.
- (5) The FCA must consult the PRA before cancelling the registration of a registered society that is a PRA-authorized person.
- (6) The FCA must ensure that, as soon as practicable after a society's registration is cancelled, notice of the cancellation is published in—
- (a) the Gazette, and
  - (b) a local newspaper circulating in or about the locality in which the society's registered office is situated.
- (7) As from the date of publication of the notice in the Gazette, the society ceases to be entitled to any of the privileges of this Act as a registered society.

This does not affect any liability incurred by the society (which may be enforced against it as if the cancellation had not occurred).

## **7 Cancellation of registration: additional procedure in cases involving condition D**

- (1) This section applies where the FCA gives a registered society a notice under section 6 (notice of proposed cancellation of registration) specifying a ground set out in condition D in section 5.
- (2) The FCA must consider any representations about the proposed cancellation that the society makes to it in the period of notice.
- (3) If the society requests, the FCA must give the society an opportunity of being heard by the FCA before its registration is cancelled.
- (4) If, at any time after the end of one month from the date the notice is given, it appears to the FCA that there have not been taken the steps which by that time could reasonably have been taken for the purpose of—
- (a) converting the society into a company, amalgamating it with a company, or transferring its engagements to a company, in accordance with section 112, or
  - (b) dissolving the society under section 119 or 123,
- the FCA may give such directions as it considers appropriate for securing that the society's affairs are wound up before its registration is cancelled.
- (5) The FCA must consult the PRA before giving directions under subsection (4) to a registered society that is a PRA-authorized person.
- (6) A person who contravenes or fails to comply with a direction under subsection (4) commits an offence.

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- (7) A person guilty of an offence under this section is liable on summary conviction—
- (a) in England and Wales, to a fine not exceeding level 3 on the standard scale;
  - (b) in Scotland, to a fine not exceeding level 3 on the standard scale or imprisonment for a term not exceeding 3 months (or both).

**Modifications etc. (not altering text)**

- C7** S. 7 applied (with modifications) by 1979 c. 34, s. 20(1C) (as substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\)](#), s. 154, [Sch. 4 para. 10\(4\)](#) (with [Sch. 5](#)))

*Suspension of registration*

**8 Suspension of registration**

- (1) If any of conditions C to E in section 5 is met in relation to a society, the FCA may by notice in writing—
- (a) suspend the society's registration for a term not exceeding 3 months, and
  - (b) from time to time renew any suspension for a term not exceeding 3 months.
- (2) The FCA must give a registered society at least 2 months' notice in writing of the proposed suspension of its registration under subsection (1)(a), specifying briefly the ground of the proposed suspension.
- (3) Where—
- (a) a notice of proposed cancellation of a society's registration is given under section 6, and
  - (b) before the end of the period of notice, the society appeals under section 9 against the proposed cancellation,
- the FCA may by notice in writing suspend the society's registration from the end of that period until the date the appeal is determined or abandoned.
- (4) The FCA must consult the PRA before suspending, or renewing the suspension of, the registration of a registered society that is a PRA-authorized person.
- (5) The FCA must ensure that, as soon as practicable after the suspension or renewal of suspension of a society's registration, notice of the suspension or renewal is published in—
- (a) the Gazette, and
  - (b) a local newspaper circulating in or about the locality in which the society's registered office is situated.
- (6) From the date of publication of the notice in the Gazette until the end of the period for which the society's registration is suspended, the society is not entitled to any of the privileges of this Act as a registered society.

This does not affect any liability incurred by the society (which may be enforced against it as if the suspension had not occurred).

## Appeals

### 9 Appeal against refusal to register or cancellation or suspension of registration

- (1) A society may appeal to the appropriate court from a decision of the FCA—
  - (a) to refuse to register the society (but see subsection (3)),
  - (b) to cancel the society's registration (but see subsections (3) to (5)), or
  - (c) to renew a suspension of the society's registration so far as the renewal provides for the suspension to continue more than 3 months from the date its registration was first suspended.
- (2) “The appropriate court” means—
  - (a) if the society's registered office is in Scotland, the Court of Session;
  - (b) otherwise, the High Court.
- (3) No appeal may be made against—
  - (a) a refusal to register a society on the ground that a condition in section 2(2) (a) is not met, or
  - (b) a decision to cancel a society's registration on the ground that condition D in section 5 is met.
- (4) No appeal may be made against a cancellation within section 6(2).
- (5) An appeal against a decision to cancel a society's registration must be lodged before the end of the period of notice of the proposed cancellation given under section 6.
- (6) If a decision to refuse to register a society is overruled on appeal, the FCA must register the society and give it an acknowledgment of registration under section 3.

#### Modifications etc. (not altering text)

- C8** S. 9 applied (with modifications) by 1979 c. 34, s. 20(1D) (as substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\)](#), s. 154, [Sch. 4 para. 10\(4\)](#) (with [Sch. 5](#)))

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