

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 section 1 of the Co-operatives and Community Benefit Societies Act 2003:

- (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 24 (proceedings on death of nominator), 25 (provision for intestacy) or 26 (payments in respect of mentally incapable persons) of the Industrial and Provident Societies Act 1965;
 - (d) to make a payment in accordance with the rules of the society to trustees of the property of bankrupt members or, in Scotland, members whose estate has been sequestrated;
 - (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 community interest company;
 - (iii) a registered social landlord 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;
 - (iv) a charity (including a community benefit society that is a charity); or
 - (v) a body, established in Northern Ireland 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 section 1 of the 2003 Act shall have the meaning given by those regulations.”