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STATUTORY INSTRUMENTS

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**2011 No. 2687**

The Legislative Reform (Industrial and Provident Societies and Credit Unions) Order 2011

PART 4

Credit Unions

**Corporate members**

15.—(1) In section 5, omit subsection (1).

(2) After section 5 insert—

**“Corporate members**

5A.—(1) A credit union may admit bodies corporate as members if its rules so provide.

(2) The number of corporate members of a credit union shall not at any time exceed ten per cent of the total number of members of the credit union or such higher percentage as may be specified.

(3) The number of shares allotted to corporate members of a credit union shall not at any time exceed twenty-five per cent of the total shares allotted to all members of the credit union or such higher percentage as may be specified.

(4) For the purpose of subsection (3) above, the total shares allotted to all members of the credit union shall be that found in the most recent year-end balance sheet submitted to the Authority.

(5) In this section—

(a) “specified” means specified by order made by the Treasury;

(b) “shares” means shares other than deferred shares.

(6) In this Act “corporate member”, in relation to a credit union, means—

(a) a body corporate which is a member of the credit union;

(b) an individual who is a member of the credit union in his capacity as a partner in a partnership; or

(c) an individual who is a member of the credit union in his capacity as an officer or member of the governing body of an unincorporated association.”

(3) In section 11(1) (loans)—

(a) in subsection (1), at the beginning, insert “Subject as follows,”;

(b) after subsection (1) insert—

“(1A) A credit union may only make a loan to a corporate member if—

- (a) the credit union’s rules provide that it may make loans to corporate members, and
  - (b) making the loan would not result in the aggregate of the outstanding balances on loans made by the credit union to corporate members exceeding ten per cent of the aggregate of the outstanding balances on all loans made by the credit union to members, or such higher percentage as may be specified.”
- (4) In section 29(2) (orders and regulations)—
- (a) in subsection (2), after “Except as provided by section 23A(7),” insert “and”;
  - (b) in subsection (2), before “A statutory instrument” insert “Subject to subsection (3),”;
  - (c) after subsection (2) insert—
    - “(3) A statutory instrument containing an order under section 5A or section 11(1A) of this Act may not be made unless a draft of the instrument has been laid before and approved by a resolution of each House of Parliament.”
- (5) In section 31(1)(3) (interpretation)—
- (a) above the definition of “charitable” insert—
    - ““body corporate” includes a partnership regarded as a legal person under the law of the country or territory in which it was established;”
  - (b) after the definition of “civil partner” insert—
    - ““corporate member”, in relation to a credit union, has the meaning assigned to it by section 5A above;”
  - (c) after the definition of “Part IV permission” insert—
    - ““partnership” means a partnership not regarded as a legal person under the law of the country or territory in which it was established;”
- (6) In Schedule 1, for paragraph 13(4) substitute—
- “**13.** Provision for—
- (a) terminating the membership of corporate members in order to comply with the limit on the number of corporate members (see section 5A above); and
  - (b) the repayment of the shares held by a corporate member in any case where—
    - (i) the membership is terminated to comply with the limit on the number of corporate members, or
    - (ii) the shares must be repaid in order to comply with the limit on shares allotted to corporate members (see section 5A above).”

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(2) Section 29 was substituted by S.I. 2001/2617. The amendment to section 29(2) by section 5(2) of the Co-operative and Community Benefit Societies and Credit Unions Act 2010 (c.7) is not in force at the time of the making of this Order.

(3) Section 31 was amended by the Civil Partnership Act 2004 (c.33); there are other amending instruments but none is relevant.

(4) Paragraph 13 was amended by S.I. 2002/1501.