Credit Unions sourcebook

Chapter 3A

Shares, deposits and borrowing



3A.3 **Borrowing**

- 3A.3.1 A credit union must not borrow from a natural person, except by way of a subordinated loan qualifying as capital under PRA rules.
- G 3A.3.2 ■ CREDS 3A.3.1R does not apply to borrowing from a *body corporate*. A loan made to a credit union by a body corporate can either be a subordinated loan (providing regulatory capital within PRA rules) or a senior loan (providing ordinary funding, but not constituting regulatory capital).
- 3A.3.3 A credit union must not require any of its members to make a subordinated loan to the *credit union* or purport to do so.