

Chapter 3

Society registration

3.7 Conversion from a community interest company

- 3.7.1** **G** A community interest company can convert into a community benefit society with a restriction on the use of assets (statutory asset lock).
- 3.7.2** **G** The community interest company needs to pass a special resolution. The resolution should:
- (1) be accompanied by a copy of the rules the society will have;
 - (2) appoint members of the company to sign the rules;
 - (3) decide if those signatories are authorised to accept any proposals from us to alter the rules, or if only a general meeting of the company can accept them;
 - (4) deal with the position of members who hold shares in the company of a nominal value that exceeds that statutory limit on shareholding in a society. Where the nominal value of the company shares held by any member is in excess of the statutory maximum shareholding in a society, the resolution can provide for the conversion of the excess shares into transferable loan stock in the society. The interest rate and repayment terms should be set by the resolution.
- 3.7.3** **G** The company must send a copy of the resolution and rules to Companies House.
- 3.7.4** **G** Companies House will then forward each of the documents to the Office of the Regulator of Community Interest Companies (CIC Regulator).
- 3.7.5** **G** The CIC Regulator must then decide if the company can cease being a community interest company, and give the company notice of that decision.
- 3.7.6** **G** The company then needs to send us a copy of the new rules and resolution together with a copy of the CIC Regulator's decision.
- 3.7.7** **G** When we have registered the society, we will issue an acknowledgement of registration and a certificate confirming that the rules in the resolution have been registered.

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- 3.7.8** **G** We will then send a copy of the resolution, our acknowledgment and certificate of registration and a copy of the CIC Regulator's decision to Companies House.
- 3.7.9** **G** The conversion takes effect when Companies House registers the resolution and certificate of registration. At this point, the company's registration under the Companies Act 2006 becomes void and Companies House will cancel it.