

CREDIT UNIONS (NORTHERN IRELAND) INSTRUMENT 2012**Powers exercised**

- A. The Financial Services Authority makes this instrument in the exercise of:
- (1) the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
 - (a) section 138 (General rule-making power);
 - (b) section 149 (Evidential provisions);
 - (c) section 156 (General supplementary powers);
 - (d) section 157(1) (Guidance);
 - (e) section 213 (The compensation scheme);
 - (f) section 214 (General); and
 - (g) section 226 (Compulsory jurisdiction); and
 - (2) the other powers and related provisions listed in Schedule 4 (Powers exercised) to the General Provisions of the FSA’s Handbook.
- B. The rule-making powers referred to above are specified for the purpose of section 153(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on 31 March 2012.

Amendments to the Handbook

- D. The modules of the FSA’s Handbook of rules and guidance listed in column (1) below are amended in accordance with the Annexes to this instrument listed in column (2).

(1)	(2)
Glossary of definitions	Annex A
Fees manual (FEES)	Annex B
Prudential sourcebook for Mortgage and Home Finance Firms, and Insurance Intermediaries (MIPRU)	Annex C
Supervision manual (SUP)	Annex D
Decision Procedure and Penalties manual (DEPP)	Annex E
Compensation sourcebook (COMP)	Annex F
Credit Unions New sourcebook (CREDS)	Annex G

Notes

- E. In Annex G (CREDS) to this instrument, the “notes” (indicated by “**Note:**”) are included for the convenience of readers but do not form part of the legislative text.

Citation

- F. This instrument may be cited as the Credit Unions (Northern Ireland) Instrument 2012.

By order of the Board
21 March 2012

Annex A

Amendments to the Glossary of definitions

In this Annex, underlining indicates new text and striking through indicates deleted text unless otherwise stated.

Insert the following new definitions in the appropriate alphabetical place. The text is not underlined.

Great Britain credit union a body corporate registered under the Industrial and Provident Societies Act 1965 as a *credit union* in accordance with the Credit Unions Act which is an *authorised person*.

Northern Ireland credit union a body corporate registered under the Credit Unions (Northern Ireland) Order 1985 which is an *authorised person* or a body corporate registered under the Industrial and Provident Societies Act (Northern Ireland) 1969 as a *credit union* which is an *authorised person*.

Amend the following definitions as shown.

attached shares (in *CREDS*) means any shares in the *credit union* (other than any *deferred shares*):

- (a) (in relation to a *Great Britain credit union*) the withdrawal of which is not permitted by section 7(5) of the Credit Unions Act 1979 or (in relation to a *Northern Ireland credit union*) the withdrawal of which is not permitted by article 23(4) of the Credit Unions (Northern Ireland) Order 1985; or
- (b) (in relation to a *Great Britain credit union*) the withdrawal of which is not permitted by the terms of a loan made to a member; or
- (c) the withdrawal of which is not permitted without seeking and obtaining the permission of the committee of management of the *credit union*.

~~Paragraph~~ In relation to a *Great Britain credit union*, paragraph (c) of this definition is relevant only where the *credit union* made a loan to the holder of the shares before the Legislative Reform (Industrial and Provident Societies and Credit Unions) Order 2011 came into force.

<i>consumer</i>	<p>...</p> <p>(4) ...</p> <p>(5) <u>(with respect to Northern Ireland credit unions and in relation to the FSA's power to make general rules, the protection of consumers objective and independent inquiries) a person within (2)(a), (2)(b), (2)(c) or (3)(b).</u></p> <p>(6) <u>(with respect to Northern Ireland credit unions and in relation to the establishment of the Consumer Panel) a person within (5) other than an authorised person.</u></p>
<i>credit union</i>	<p>a body corporate registered under the Industrial and Provident Societies Act 1965 as a credit union in accordance with the Credit Unions Act, which is an <i>authorised person</i> or a body corporate registered under the Credit Unions (Northern Ireland) Order 1985 <u>which is an authorised person or a body corporate registered under the Industrial and Provident Societies Act (Northern Ireland) 1969 as a credit union which is an authorised person.</u></p>
<i>credit unions day</i>	<p><u>(in relation to a Great Britain credit union) 1 July 2002 or (in relation to a Northern Ireland credit union) 31 March 2012.</u></p>
<i>deferred share</i>	<p>(1) ...</p> <p>(2) (in CREDS and COMP 5.3.1R(2)(cA)) <u>in relation to a Great Britain credit union, means any share of a class defined as a deferred share by section 31A of the Credit Unions Act 1979.</u></p>
<i>version 1 credit union</i>	<p>a <i>credit union</i> whose <i>Part IV permission</i> includes a <i>requirement</i> (whether for all or for particular purposes) that it must not lend more than £15,000, or such lesser amount as may be specified, in excess of a member's shareholding; in this definition a "member's shareholding" means any shares held by a member of the <i>credit union</i> in accordance with sections 5 and 7 of the Credit Unions Act 1979 <u>or articles 14 and 23 of the Credit Unions (Northern Ireland) Order 1985 (as appropriate).</u></p>

Annex B

Amendments to the Fees manual (FEES)

In this Annex, underlining indicates new text and striking through indicates deleted text.

TP 1 Transitional Provisions

(1)	(2)	(3)	(4)	(5)	(6)
	Material to which the transitional provision applies		Transitional Provision	Transitional Provision: dates in force	Handbook provisions: coming into force
...					
6	FEES 6.3.1R	<u>R</u>	<u>The FSCS must not impose a <i>specific costs levy</i> or a <i>compensation costs levy</i> on a <i>Northern Ireland credit union</i> if that levy relates to a <i>claim against a relevant person</i> that was <i>in default</i> before <i>credit unions day</i>.</u>	<u>From 31 March 2012 indefinitely</u>	<u>For <i>Northern Ireland credit unions</i> 31 March 2012</u>
...					

Annex C

Amendments to the Prudential sourcebook for Mortgage and Home Finance Firms, and Insurance Intermediaries (MIPRU)

In this Annex, underlining indicates new text.

4.1.9 G ...

- (3) A *credit union* cannot carry on *home purchase activities* or *reversion activities* because the Credit Unions Act 1979 (in relation to *Great Britain credit unions*) and the Credit Unions (Northern Ireland) Order 1985 (in relation to *Northern Ireland credit unions*) restricts the circumstances whereby *credit unions* can hold land.

Annex D

Amendments to the Supervision manual (SUP)

In this Annex, underlining indicates new text and striking through indicates deleted text.

- 16.12.6 R The applicable reporting frequencies for submission of *data items* and periods referred to in *SUP* 16.12.5R are set out in the table below according to *firm* type. Reporting frequencies are calculated from a *firm's accounting reference date*, unless indicated otherwise.

...	
Note 2	The annual report required from a <i>credit union</i> by <i>SUP</i> 16.12.5R must be made up for the same period as the audited accounts published by the <i>credit union</i> in accordance with section 3A of the Friendly and Industrial and Provident Societies Act 1968 <u>or provided in accordance with article 49 of the Credit Unions (Northern Ireland) Order 1985 (as appropriate)</u> . <i>CREDS</i> 8.2.6R(2)(a) states that the audited accounts referred to in <i>SUP</i> 16.12.5R are to be made up for the period beginning with the date of the <i>credit union's</i> registration or with the date to which the <i>credit union's</i> last annual accounts were made up, and ending on the <i>credit union's</i> most recent financial year end.
...	

...

16 Annex 15(1)G Notes on completing the Quarterly Return (CQ) for credit unions

...

General Information

The Quarterly Return (CQ) is to be completed by all *credit unions* in ~~Great Britain~~ the United Kingdom as at end March, end June, end September and end December. This form should be completed using the accruals-based accounting method.

...

'CUA 1979' means the Credit Unions Act 1979.

"CUO" means the Credit Unions Order (Northern Ireland) 1985.

...

Membership and complaints contact

page 2 of CQ

Membership

Indicate in the appropriate boxes the number of members that the *credit union* currently has in each category of membership.

“Member” refers to a member (qualifying or non-qualifying) (and over the age at which he may lawfully become a member of the *credit union* ~~under the credit union’s rules, for Great Britain credit unions~~ under the *credit union’s* rules or, for *Northern Ireland credit unions*, under the CUO or the *credit union’s* rules) who, ~~in respect of a Great Britain credit union, can save up to £10,000 or 1.5 per cent of the assets of total non-deferred shares in the Great Britain credit union, whichever is the greater, or who, in respect of a Northern Ireland credit union, can save up to £15,000 or 1.5 per cent of the total shares in the Northern Ireland credit union, whichever is the greater.~~ [A qualifying member is a person who fulfils the membership requirements: a non-qualifying member is a person who no longer fulfils the membership requirements having once done so.]

“Juvenile depositor” refers to a depositor who is a person too young to be a member of the *credit union* (for a *Great Britain credit union* under the credit union’s rules and for a *Northern Ireland credit union* under the CUO or the *credit union’s* rules), who can save up to a maximum of £10,000, or 1.5% of the total non-deferred shares in the *credit union* but cannot take out a loan from the *credit union*.

...

5B Audited reserves - other

Money that your *credit union* has set aside out of net profits (in accordance with CREDS 5.3.2R) - for example, a “revenue reserve” for unforeseen circumstances.

This will include initial capital which has not yet been spent.

Please note:

Where a revaluation reserve is included within other reserves, this should only include revaluation reserves counting towards capital under CREDS 5.2.1R(6) to CREDS 5.2.1R(8).

If money is held in a deferred share reserve by a Great Britain credit union, it should not be included within

other reserves, but reported separately in the supplementary analysis to the quarterly return.

Please refer to Chapter 5 of *CREDS*. ...

...

7F Unattached shares/juvenile deposits

...

“attached shares” are shares that act as security for a loan, or for *Great Britain credit unions* and shares that cannot be withdrawn under the terms of the loan, or, for *Great Britain credit unions* that made loans to members prior to the coming into force of the Legislative Reform (Industrial and Provident Societies and Credit Unions) Order 2011 and *Northern Ireland credit unions*, shares that cannot be withdrawn without the permission of the committee of management.

...

NOTES ON COMPLETING SUPPLEMENTARY ANALYSIS OF THE QUARTERLY RETURN

General Information

The Supplementary Analysis of the Quarterly Return should be completed as part of the Quarterly Return by credit unions in Great Britain where they meet one or more of the following conditions at the end of the quarter:

- the credit union has issued interest-bearing shares under section 7A of the Credit Unions Act 1979 (the Act);
- the credit union has issued deferred shares in accordance with section 31A of the Act; or
- the credit union has admitted corporate members under section 5A of the Act.

The Supplementary Analysis of the Quarterly Return is intended to break down some of the information contained in the Quarterly Return in order to give a clearer picture of the financial position of credit unions that undertake the activities listed above.

The Credit Unions (Northern Ireland) Order 1985 does not provide for *Northern Ireland credit unions* to undertake the activities listed above. Therefore, *Northern Ireland credit unions* do not need to complete the Supplementary Analysis of the Quarterly Return.

...

16 Annex 15(2)G Notes on completing the Annual Return (CY) for credit unions

...

The Annual Return (CY) should be completed by all *credit unions* in ~~Great Britain~~ the United Kingdom at the end of their financial year ... It should be completed using the accruals-based accounting method.

...

Send the fully completed Annual Return (CY) (including a completed auditor's statement) to the Financial Services Authority in accordance with SUP 16.3.6R – SUP 16.3.13R by the date stated in the *credit union's* rules (which for a *Great Britain credit union* should be within 7 months of the financial year ending on or before 31 July 2012 and within 6 months of any subsequent financial year end and for a *Northern Ireland credit union* should be within 6 months of the financial year end). Failure to do so is a breach of your regulatory requirements, as laid down in CREDS, and may result in your *credit union* being subject to FSA sanctions.

...

'CUA 1979' means the Credit Unions Act 1979.

"CUO" means the Credit Unions Order (Northern Ireland) 1985.

...

Front page

...

A1 **Membership** ...

A “juvenile depositor” is a person who is too young to be a member of the *credit union* (for Great Britain credit unions under the credit union’s rules or, for Northern Ireland credit unions, under the CUO or the credit union’s rules), who can save up to a maximum of £10,000 or 1.5% of the total non-deferred shares in the credit union, but cannot take out a loan from the *credit union*.

Audited accounts

Delete “Yes or No” as appropriate. Audited annual accounts are required by the Friendly and Industrial and Provident Societies Act 1968 and the CUO. Attach a copy of the accounts before returning the Annual Return (CY). See *CREDS* 8.2.6R.

...

2P **Other reserves** ...

If money is held in a deferred share reserve by a Great Britain credit union, it should not be included within other reserves, but reported separately in the supplementary analysis to the annual return.

...

13F **Value of unattached shares** ...

“attached shares” are shares that act as security for a loan, ~~and~~ or for Great Britain credit unions shares that cannot be withdrawn under the terms of the loan, or, for Great Britain credit unions that made loans to members prior to the coming into force of the Legislative Reform (Industrial and Provident Societies and Credit Unions) Order 2011 and Northern Ireland credit unions, shares that cannot be withdrawn without the permission of the committee of management.

...

14C **Interest receivable** The amount of interest charged on loans to members ~~this should not exceed 12.68% per year.~~

...

NOTES ON COMPLETING SUPPLEMENTARY ANALYSIS OF THE ANNUAL RETURN

General Information

The Supplementary Analysis of the Annual Return should be completed as part of the Annual Return by credit unions in Great Britain where they meet one or more of the following conditions at the end of the financial year:

- the credit union has issued interest-bearing shares under section 7A of the Credit Unions Act 1979 (the Act);
- the credit union has issued deferred shares in accordance with section 31A of the Act;
- the credit union has admitted corporate members under section 5A of the Act; or
- the rules of the credit union limit the number of non-qualifying members of the credit union, in accordance with section 5(5) of the Act.

The Supplementary Analysis of the Annual Return is intended to break down some of the information contained in the Annual Return in order to give a clearer picture of the financial position of credit unions that undertake the activities listed above.

The Credit Unions (Northern Ireland) Order 1985 does not provide for *Northern Ireland credit unions* to undertake the activities listed above. Therefore, *Northern Ireland credit unions* do not need to complete the Supplementary Analysis of the Quarterly Return.

Annex E

Amendments to the Decision Procedure and Penalties manual (DEPP)

In this Annex, underlining indicates new text and striking through indicates deleted text.

2 Annex 1G Warning notices and decision notices under the Act and certain other enactments

...

Section of the Credit Unions Act 1979	Description	Handbook reference	Decision maker
20	where the <i>FSA</i> is proposing to cancel or suspend the registration of a <i>credit union</i> or to petition for the winding up of a <i>credit union</i>		<i>RDC</i>

<u>Articles of the Credit Unions (Northern Ireland) Order 1985</u>	<u>Description</u>	<u>Handbook reference</u>	<u>Decision maker</u>
<u>60(1), 61(1) and 63</u>	<u>where the <i>FSA</i> is proposing to consent to the Registrar of Credit Unions for Northern Ireland cancelling or suspending the registration of a <i>Northern Ireland credit union</i>, or petitioning for the winding up of a <i>Northern Ireland credit union</i></u>		<i>RDC</i>

Annex F

Amendments to the Compensation sourcebook (COMP)

In this Annex, underlining indicates new text.

TP 1.1 Transitional Provisions table

(1)	(2)	(3)	(4)	(5)	(6)
	Material to which the transitional provision applies		Transitional Provision	Transitional provision: dates in force	Handbook Provisions: coming into force
...					
<u>28</u>	<u>COMP 16.3</u>	<u>R</u>	<u>A Northern Ireland credit union need not comply with COMP 16.3 until 30 September 2013.</u>	<u>From 31 March 2012 until 30 September 2013</u>	<u>For Northern Ireland credit unions 31 March 2012</u>
<u>29</u>	<u>COMP 17</u>	<u>R</u>	<u>COMP 17 does not apply to a Northern Ireland credit union until 30 September 2012.</u>	<u>From 31 March 2012 until 30 September 2012</u>	<u>For Northern Ireland credit unions 31 March 2012</u>
<u>30</u>	<u>COMP 17.3 and COMP 17.2.7R</u>	<u>R</u>	<p><u>(1) This transitional provision applies to Northern Ireland credit unions.</u></p> <p><u>(2) If a Northern Ireland credit union operates less than 5,000 accounts held by eligible claimants, it may make or revoke an election (under COMP 17.2.7R) that the electronic SCV rules do not apply.</u></p> <p><u>(3) A Northern Ireland credit union that has made a valid election</u></p>	<u>From 31 March 2012 until 30 September 2012</u>	<u>For Northern Ireland credit unions 31 March 2012</u>

		<p><u>under (2) must provide the FSA with an SCV pre-implementation report by 30 June 2012 based on the Northern Ireland credit union's progress as at 30 June 2012 which must:</u></p> <p><u>(a) state the number of accounts held by eligible claimants as at 30 June 2012;</u></p> <p><u>(b) confirm that the Northern Ireland credit union is making the election in (2); and</u></p> <p><u>(c) state whether the Northern Ireland credit union's board of directors believes the Northern Ireland credit union will comply with the FSA's SCV requirements by 30 September 2012 and if not why not.</u></p> <p><u>(4) A Northern Ireland credit union that has not made a valid election under (2) must provide the FSA with an SCV pre-implementation report by 30 June 2012 based on the Northern Ireland credit union's progress as at 30 June 2012 which must state:</u></p> <p><u>(a) whether the Northern Ireland credit union has a plan for implementing the FSA's SCV requirements;</u></p> <p><u>(b) how the Northern Ireland credit union proposes to transfer to</u></p>		
--	--	---	--	--

			<p><u>the FSCS a single customer view for each eligible claimant including specifying the transfer method and format;</u></p> <p><u>(c) the dates the Northern Ireland credit union started implementation and plans to end implementation and whether implementation is on time;</u></p> <p><u>(d) whether the Northern Ireland credit union's board of directors believes implementation will be completed by 30 September 2012 and if not why not; and</u></p> <p><u>(e) any issues that may impact on the Northern Ireland credit union's ability to implement by 30 September 2012.</u></p>		
<u>31</u>	<u>COMP 17.3</u>	<u>R</u>	<u>A Northern Ireland credit union to which COMP 17 applies must provide the FSA with an SCV implementation report and an SCV report by 30 September 2012.</u>	<u>From 31 March 2012 until 30 September 2012</u>	<u>For Northern Ireland credit unions 31 March 2012</u>
<u>32</u>	<u>COMP 17.3.10R and COMP 17.3.12R</u>	<u>R</u>	<u>(1) A Northern Ireland credit union subject to the electronic SCV rules must provide the FSCS with a representative sample of 10% of its single customer views or 10,000 of its single customer views (whichever is the smaller number) by 30 September 2012.</u>	<u>From 31 March 2012 until 30 September 2012</u>	<u>For Northern Ireland credit unions 31 March 2012</u>

			<p><u>(2) The FSCS must advise the FSA whether the information provided by a Northern Ireland credit union's SCV system is capable of being submitted to the FSCS and whether it is compatible with the FSCS's systems within six months of receiving the information required by (1).</u></p>		
--	--	--	--	--	--

...

Schedule 2 Notification requirements

...

2.2 G

Handbook reference	Matter to be notified	Contents of notification	Trigger event	Time allowed
...				
<i>COMP</i> 17.3.4R	...			
<u><i>COMP</i> TP 30R(2) and <i>COMP</i> 17.2.7R</u>	<u>Election or revocation of election that the <i>electronic SCV rules</i> do not apply</u>	<u>See Matter to be notified</u>	<u>See Matter to be notified</u>	<u>Immediately</u>

Annex G

Credit Unions New sourcebook (CREDS)

In this Annex, underlining indicates new text and striking through indicates deleted text.

- 1.1.1 G (1) The Credit Unions New Sourcebook, *CREDS* for short, is the specialist sourcebook for *credit unions*.
- (2) ~~Northern Ireland credit unions are not covered by the *Handbook* or by *CREDS*. They are exempt from the *general prohibition* in respect of *accepting deposits*. They do not, therefore, need to be *authorised persons* if they do not carry on any *regulated activity* other than *accepting deposits* in the United Kingdom. [deleted]~~
- ...
- 2.2.4 R A *credit union* must establish, maintain and implement an up-to-date business plan approved by the committee of management and supply a copy on request to the *FSA*.
- [Note: a transitional provision applies to this rule: see *CREDS* TP 1.6.]
- ...
- 2.2.6 R A *credit union* must establish, maintain and implement an up-to-date and fully documented policies and procedures manual, and supply a copy on request to the *FSA*.
- [Note: a transitional provision applies to this rule: see *CREDS* TP 1.6.]
- ...
- 2.2.8 R A *credit union* must establish, maintain and implement a fully documented system of control.
- [Note: a transitional provision applies to this rule: see *CREDS* TP 1.6.]
- ...
- 2.2.14 G Under section 4(1) of, and Schedule 1 to, the Credit Unions Act 1979 or article 8(1) of, and Schedule 1 to, the Credit Unions (Northern Ireland) Order 1985, as appropriate, a *credit union* is required to have a committee of management. The committee of management should be competent to control the affairs of a *credit union*, and have an appropriate range of skills and experience relevant to the activities carried on by the *credit union*.
- ...
- 3.2.1 R Subject to the general limitations on its powers contained in the Credit

Unions Act 1979 or the Credit Unions (Northern Ireland) Order 1985 (as appropriate) and to the limitations contained in *CREDS* 3.2.2R and *CREDS* 3.2.3R, a *credit union* may invest its surplus funds and funds serving liquidity purposes only in the following types of *investment*:

...

[Note: a transitional provision applies to this rule: see *CREDS* TP 1.7.]

...

- 3.2.2 R Any *securities* invested in, or loans made, in accordance with *CREDS* 3.2.1R by a *version 1 credit union* must have a maturity date of not more than 12 *months* from the date on which the *investment* is made.

[Note: transitional provisions apply to this rule: see *CREDS* TPs 1.8 and 1.9.]

- 3.2.3 R Any *securities* invested in, or loans made, in accordance with *CREDS* 3.2.1R by a *version 2 credit union* must have a maturity date of not more than five years from the date on which the *investment* is made.

[Note: a transitional provision applies to this rule: see *CREDS* TP 1.10.]

...

- 3.2.6 G (1) A *credit union* may accept a loan from another *credit union* (section 10(1) of the Credit Unions Act 1979 or article 27(1) of the Credit Unions (Northern Ireland) Order 1985 (as appropriate)).

...

...

- 3.3.7 R A *version 2 credit union* must establish, maintain and implement an up-to-date financial risk management policy statement approved by the committee of management.

[Note: a transitional provision applies to this rule: see *CREDS* TP 1.6.]

...

- 4.2.1 R (1) A *Great Britain credit union* must not permit a member to have or claim any interest in the shares of the *Great Britain credit union*, other than *deferred shares*, exceeding the greater of:

(1) £10,000; or
(a)

(2) 1.5 per cent of the *total non-deferred shares* in the *Great Britain credit union*.
(b)

(2) A Northern Ireland credit union must not permit a member to have or claim any interest in the shares of the Northern Ireland credit union exceeding the greater of:

(a) £15,000; or

(b) 1.5 per cent of the total shares in the Northern Ireland credit union.

...

4.2.4 R Shares in a Great Britain credit union must not be held in the joint names of more than two members.

4.2.4A G There is no restriction on the number of members who may jointly hold shares in a Northern Ireland credit union.

4.2.5 R (1) For the purpose only of the limit in CREDS 4.2.1R(1), the interest of a member in a joint account must be treated as 50 per cent of the shareholding in that account.

(2) For the purpose only of the limit in CREDS 4.2.1R(2), the interest of a member in a joint account must be treated as the percentage represented by that individual member as a percentage of the total number of members holding an interest in the joint account.

...

4.3.1 R (1) A *credit union* must not accept *deposits* except:

(a) by way of subscription for its shares from *persons* who may lawfully be admitted to membership of the *credit union* under the Credit Unions Act 1979 or the Credit Union (Northern Ireland) Order 1985 (as appropriate) and the rules of the *credit union*; or

...

(2) A *credit union* must not accept *deposits* exceeding the greater of £10,000 or 1.5 per cent of the *total non-deferred shares* in the *credit union* from a person who is under the age at which, by virtue of (for Great Britain credit unions) any provision of the credit union's rules, (for Northern Ireland credit unions) under article 15 of the Credit Unions (Northern Ireland) Order 1985 or any provision of the credit union's rules, or otherwise, he may lawfully become a member of the *credit union*, unless the *deposits* are held in a *CTF* in which case the *credit union* may accept a larger *deposit*.

...

4.4.1 R A *credit union* must at all times maintain in force a policy of insurance

complying with *CREDS* 4.4.2R.

[Note: a transitional provision applies to this rule: see *CREDS* TP 1.11.]

...

- 5.1.6 G In addition to the capital requirements set out in this chapter, section 7A of the Credit Unions Act 1979 provides that a Great Britain credit union may issue interest-bearing shares only if, among other things, its most recent year end balance sheet shows that it holds reserves of at least £50,000 or 5% of its total assets, whichever is greater.

- 5.1.7 G The Credit Unions (Northern Ireland) Order 1985 does not provide for a Northern Ireland credit union to issue interest-bearing shares or deferred shares.

...

- 5.3.3 R If, at the end of any year of account, the amount in its general reserve stands at less than 10% of its total assets, a *version 1 credit union* must transfer to its general reserve at least 20% of its profits for that year (or such lesser sum as is required to bring the amount in its general reserve up to 10% of its total assets).

[Note: a transitional provision applies to this rule: see *CREDS* TP 1.12.]

...

- 5.3.5 R A *version 1 credit union* may not transfer from its general reserve where its general reserve stands at less than 10% of its total assets.

[Note: a transitional provision applies to this rule: see *CREDS* TP 1.12.]

...

- 6.2.4 R A *credit union* must establish, maintain and implement an up-to-date liquidity management policy statement approved by the committee of management and designed to ensure its compliance with *CREDS* 6.2.1R.

[Note: a transitional provision applies to this rule: see *CREDS* TP 1.6.]

- 7.1.2 G (1) This chapter seeks to protect the interests of *credit unions*' members in respect of loans to members under section 11 of the Credit Unions Act 1979 or article 28 of the Credit Unions (Northern Ireland) Order 1985. *Principle 4* requires *credit unions* to maintain adequate financial resources and *CREDS* 5 sets out the FSA's detailed capital adequacy requirements in respect of *credit unions*.

...

...

- 7.1.3 G The *rules and guidance* in this chapter are in addition to the provisions of (in relation to *Great Britain credit unions*) section 11 of the Credit Unions Act 1979 and (in relation to *Northern Ireland credit unions*) article 28 of the Credit Unions (Northern Ireland) Order 1985 in relation to loans made by *credit unions*. Under these provisions:
- (1) a *Great Britain credit union* may make a loan only to:
- (a) a member of the *credit union* who is an individual; and
 - (b) a corporate member of the *credit union*, if the *credit union's* rules provide that it may make loans to corporate members and making the loan would not result in the aggregate of the outstanding balances on loans made by the *credit union* to corporate members exceeding the percentage of the aggregate of the outstanding balances on all loans made by the *credit union* specified by or under section 11 of the Credit Unions Act 1979;
 - (c) other *credit unions*;
- (1A) a *Northern Ireland credit union* may make a loan only to:
- (a) a member of the *credit union* who is an individual; and
 - (b) other *credit unions*;

...

...

- 7.2.1 R A *credit union* must establish, maintain and implement an up-to-date lending policy statement approved by the committee of management that is prudent and appropriate to the scale and nature of its business, having regard to the limits outlined in *CREDS* 7.3 to *CREDS* 7.4.

[Note: a transitional provision applies to this rule: see *CREDS* TP 1.6.]

...

- 7.2.7 R (1) A *credit union* must not make a loan to:
- (a) ...
 - (b) (in the case of a *Great Britain credit union*) a relative of, or any person otherwise connected with, an officer, *approved person* or paid employee of the *credit union* on terms more favourable than those available to other members of the *credit union*;

(c) (in the case of a Northern Ireland credit union) a member of the family of, or any person otherwise connected with, an officer, approved person or paid employee of the credit union on terms more favourable than those available to other members of the credit union.

...

(3) “Member of the family” has the same meaning as in article 2 of the Credit Unions (Northern Ireland) Order 1985.

...

7.3.1 R Subject to *CREDS* 7.3.8R, a *version 1 credit union* must not lend for a period of more than five years where unsecured and ten years where secured.

[Note: a transitional provision applies to this rule: see *CREDS* TP 1.13.]

...

7.3.4 R Subject to *CREDS* 7.3.8R, a *version 2 credit union* must not lend for a period of more than ten years where unsecured and 25 years where secured.

[Note: a transitional provision applies to this rule: see *CREDS* TP 1.14.]

...

7.4.2 R An individual large *exposure* must not exceed 25% of the *credit union's* capital. In no circumstances may the aggregate total of all large *exposures* exceed 500% of the *credit union's* capital.

[Note: a transitional provision applies to this rule: see *CREDS* TP 1.15.]

...

8.2.1 G *SUP* 16.12.5R states that a *credit union* must submit a quarterly return. The content, reporting frequency and due date in relation to that report are shown in *CREDS* 8.2.2G. The form can be found at *SUP* 16 Annex 14(1)G.

[Note: a transitional provision applies to *SUP* 16.12.5R: see *CREDS* TP 1.17.]

...

8.2.3 R *SUP* 16.12.5R states that a *credit union* must submit an annual return. The content, reporting frequency and due date in relation to that report are shown in *CREDS* 8.2.4G. The form can be found at *SUP* 16 Annex 14(2)G.

...

[Note: a transitional provision applies to SUP 16.12.5R: see CREDS TP 1.18.]

...

- 8.2.6 R (1) Every *credit union* must send to the *FSA* a copy of its audited accounts published in accordance with section 3A of the Friendly and Industrial and Provident Societies Act 1968 or provided in accordance with article 49 of the Credit Unions (Northern Ireland) Order 1985.

...

...

- 9.2.1 R A *credit union* must provide the *FSA*, once a year, with a report in the format set out in *CREDS* 9 Annex 1R (Credit Union complaints return) which contains (for the relevant reporting period) information about:

...

[Note: a transitional provision applies to this rule: see CREDS TP 1.16.]

...

- 9.2.7 R For the purposes of *CREDS* 9.2.1R:
- (1) the relevant reporting period is from 1 April to 31 March each year; and
 - (2) reports are to be submitted to the *FSA* within one *month* of the end of the relevant reporting period.

[Note: a transitional provision applies to this rule: see CREDS TP 1.16.]

...

Appendix 1 Key Definitions

Note: The following key definitions relevant to CREDS are extracted from the *Glossary*.

App 1.1

attached shares means any shares in the *credit union* (other than any *deferred shares*):

- (a) (in relation to a *Great Britain credit union*) the withdrawal of which is not permitted by section 7(5) of the Credit Unions Act 1979 or (in relation to a *Northern Ireland credit union*) the withdrawal of which

is not permitted by article 23(4) of the Credit Unions (Northern Ireland) Order 1985; or

- (b) (in relation to a *Great Britain credit union*) the withdrawal of which is not permitted by the terms of a loan made to a member; or
- (c) the withdrawal of which is not permitted without seeking and obtaining the permission of the committee of management of the *credit union*.

~~Paragraph~~ In relation to a *Great Britain credit union*, paragraph (c) of this definition is relevant only where the *credit union* made a loan to the holder of the shares before the Legislative Reform (Industrial and Provident Societies and Credit Unions) Order 2011 came into force.

deferred shares in relation to a *Great Britain credit union*, means any shares of a class defined as deferred shares by section 31A of the Credit Unions Act 1979.

...

TP 1 Transitional Provisions

(1)	(2)	(3)	(4)	(5)	(6)
	Material to which the transitional provision applies		Transitional Provision	Transitional provisions: dates in force	Handbook provisions: coming into force
...					
<u>5</u>	<u>CREDS TPs 1, 2, 3 and 4</u>	<u>R</u>	<u>CREDS TPs 1, 2, 3 and 4 do not apply to Northern Ireland credit unions.</u>	<u>From 31 March 2012 for as long as the relevant TPs remain in force</u>	<u>For Northern Ireland credit unions 31 March 2012</u>
<u>6</u>	<u>CREDS 2.2.4R, CREDS 2.2.6R, CREDS 2.2.8R, CREDS 3.3.7R, CREDS 6.2.4R and CREDS 7.2.1R</u>	<u>R</u>	<u>A Northern Ireland credit union need not comply with CREDS 2.2.4R, CREDS 2.2.6R, CREDS 2.2.8R, CREDS 3.3.7R, CREDS 6.2.4R and CREDS 7.2.1R.</u>	<u>From 31 March 2012 until 31 December 2012</u>	<u>For Northern Ireland credit unions 31 March 2012</u>
<u>7</u>	<u>CREDS 3.2.1R</u>	<u>R</u>	<u>A Northern Ireland credit union need not comply with</u>	<u>From 31 March 2012</u>	<u>For Northern</u>

			<u>CREDS 3.2.1R</u> with respect to any types of <u>investment</u> invested in prior to <u>credit unions day</u> provided those types of <u>investment</u> were permitted under the Credit Unions (Northern Ireland) Order 1985 and the Credit Unions (Authorised Investments) Regulations (Northern Ireland) 1995 prior to <u>credit unions day</u> .	until 30 March 2013	<u>Ireland credit unions 31 March 2012</u>
<u>8</u>	<u>CREDS 3.2.2R</u>	<u>R</u>	A <u>Northern Ireland credit union</u> that is a <u>version 1 credit union</u> need not comply with <u>CREDS 3.2.2R</u> with respect to any <u>securities</u> invested in, or loans made, in accordance with <u>CREDS 3.2.1R</u> prior to <u>credit unions day</u> provided those <u>securities</u> or loans mature in accordance with the terms of the relevant agreement as at <u>credit unions day</u> . This transitional provision does not apply to any <u>securities</u> invested in, or loans made, in accordance with <u>CREDS 3.2.1R</u> prior to <u>credit unions day</u> that satisfy the requirements in <u>CREDS 3.2.2R</u> .	From 31 March 2012 until the maturity date of the <u>securities</u> invested in or loans made	For <u>Northern Ireland credit unions 31 March 2012</u>
<u>9</u>	<u>CREDS 3.2.2R</u>	<u>R</u>	A <u>Northern Ireland credit union</u> that is a <u>version 1 credit union</u> need not comply with <u>CREDS 3.2.2R</u> with respect to any <u>securities</u> invested in, or loans made, in accordance with <u>CREDS 3.2.1R</u> using surplus funds within one year from <u>credit unions day</u> and which in accordance with the terms of the relevant agreement have a maturity of up to three <u>years</u> .	From 31 March 2012 until 30 March 2013	For <u>Northern Ireland credit unions 31 March 2012</u>

10	<u>CREDS 3.2.3R</u>	R	<u>A Northern Ireland credit union that is a version 2 credit union need not comply with CREDS 3.2.3R with respect to any securities invested in, or loans made, in accordance with CREDS 3.2.1R prior to credit unions day provided those securities or loans mature in accordance with the terms of the relevant agreement as at credit unions day. This transitional provision does not apply to any securities invested in, or loans made, in accordance with CREDS 3.2.1R prior to credit unions day that comply with CREDS 3.2.3R.</u>	<u>From 31 March 2012 until the maturity date of the securities invested in or loans made</u>	<u>For Northern Ireland credit unions 31 March 2012</u>
11	<u>CREDS 4.4.1R</u>	R	<u>A Northern Ireland credit union need not comply with CREDS 4.4.1R.</u>	<u>From 31 March 2012 until 30 March 2013</u>	<u>For Northern Ireland credit unions 31 March 2012</u>
12	<u>CREDS 5.3.3R and CREDS 5.3.5R</u>	R	<u>Where the requirements of CREDS 7.5.1R, CREDS 7.5.2R and CREDS 7.5.4E would result in a Northern Ireland credit union having to make higher provision than would have been required prior to credit unions day, that Northern Ireland credit union need not comply with CREDS 5.3.3R and CREDS 5.3.5R to the extent that that Northern Ireland credit union may transfer out of its general reserve the amount of provision that is additional to the amount that would have been required prior to credit unions day. If a Northern Ireland credit union takes advantage of this transitional</u>	<u>From 31 March 2012 until the due date for submission by that Northern Ireland credit union of its next annual return</u>	<u>For Northern Ireland credit unions 31 March 2012</u>

			<p><u>provision it must advise the FSA of the amount transferred by the due date of submission for submission of its next annual return. This provision applies even where the amount standing to the Northern Ireland credit union's general reserve is, or as a result of the transfer would be, less than 10% of total assets.</u></p>		
<u>13</u>	<u>CREDS 7.3.1R</u>	<u>R</u>	<p><u>A Northern Ireland credit union that is a version 1 credit union need not comply with CREDS 7.3.1R with respect to any loan outstanding on credit unions day. That loan must be repaid in accordance with the terms as at credit unions day of the relevant loan agreement. This transitional provision does not apply to any loan outstanding on credit unions day that satisfies the requirements in CREDS 7.3.1R.</u></p>	<p><u>From 31 March 2012 until the day the loan is repaid</u></p>	<p><u>For Northern Ireland credit unions 31 March 2012</u></p>
<u>14</u>	<u>CREDS 7.3.4R</u>	<u>R</u>	<p><u>A Northern Ireland credit union that is a version 2 credit union need not comply with CREDS 7.3.4R with respect to any loan outstanding on credit unions day. That loan must be repaid in accordance with the terms as at credit unions day of the relevant loan agreement. This transitional provision does not apply to any loans outstanding on credit unions day that satisfies the requirements in CREDS 7.3.4R.</u></p>	<p><u>From 31 March 2012 until the day the loan is repaid</u></p>	<p><u>For Northern Ireland credit unions 31 March 2012</u></p>
<u>15</u>	<u>CREDS 7.4.2R</u>	<u>R</u>	<p><u>A Northern Ireland credit union need not comply with CREDS 7.4.2R with respect</u></p>	<p><u>From 31 March 2012 until 30</u></p>	<p><u>For Northern Ireland</u></p>

			to any individual large <u>exposure</u> in existence on <u>credit unions day</u> or the <u>aggregate total of all large exposures</u> in existence on <u>credit unions day</u> . Those <u>large exposures</u> must be repaid in accordance with the <u>terms of the agreement relating to the relevant large exposure</u> as at <u>credit unions day</u> . This transitional provision does not apply to any individual large <u>exposure</u> in existence on <u>credit unions day</u> or the <u>aggregate total of all large exposures</u> in existence on <u>credit unions day</u> that comply with <u>CREDS 7.4.2R</u> .	<u>March 2014</u> or the day the <u>individual large exposure</u> or the <u>aggregate total of all large exposures</u> satisfies the <u>requirements in CREDS 7.4.2R</u> if <u>earlier</u>	<u>credit unions 31 March 2012</u>
<u>16</u>	<u>CREDS 9.2.1R and CREDS 9.2.7R</u>	<u>R</u>	<u>A Northern Ireland credit union</u> need not comply with the requirement to submit a return under <u>CREDS 9.2.1R</u> until 30 April 2013, and the relevant reporting period under <u>CREDS 9.2.7R</u> for this return is from 1 October 2012 to 31 March 2013.	<u>From 31 March 2012</u> until 30 April 2013	<u>For Northern Ireland credit unions 31 March 2012</u>
<u>17</u>	<u>SUP 16.12.5R</u>	<u>R</u>	<u>A Northern Ireland credit union</u> need not comply with the requirement to submit quarterly returns under <u>SUP 16.12.5R</u> until 31 January 2013 for the period from 1 October to 31 December 2012.	<u>From 31 March 2012</u> until 31 January 2013	<u>For Northern Ireland credit unions 31 March 2012</u>
<u>18</u>	<u>SUP 16.12.5R</u>	<u>R</u>	<u>A Northern Ireland credit union</u> need not comply with the requirement to submit an annual return under <u>SUP 16.12.5R</u> for the year end 30 September 2011.	<u>From 31 March 2012</u> indefinitely.	<u>For Northern Ireland credit unions 31 March 2012</u>