



# Credit Unions Act 1979

## 1979 CHAPTER 34

### *Amalgamations, transfers of engagements and conversions*

#### **21 Amalgamations and transfers of engagements.**

- (1) In their application to credit unions, [<sup>F1</sup> sections 109 to 111 of the 2014 Act ] (amalgamations of registered societies and transfers of engagements between them) shall have effect subject to the provisions of subsections (2) and (3) of this section.
- (2) A credit union shall not amalgamate with or transfer its engagements to or accept a transfer of engagements from any registered society which is not a credit union.
- (3) [<sup>F2</sup>In relation to a credit union which is not a PRA-authorized person, the FCA] shall not register a special resolution under [<sup>F3</sup> section 109 or 110 of the 2014 Act ] if in [<sup>F4</sup>its] opinion—
  - (a) the proposed amalgamation or transfer of engagements would result in a contravention of any provision of this Act or [<sup>F5</sup> the 2014 Act ] [<sup>F6</sup>or any requirement imposed by or under the 2000 Act]; or
  - [<sup>F7</sup>(b) section 1B (further requirements where common bond relates to locality) would apply to the proposed amalgamated credit union or, as the case may be, the credit union proposing to accept the transfer of engagements and the requirements of that section would not be met.]
- [<sup>F8</sup>(3A) In relation to a credit union which is a PRA -authorized person—
  - (a) the FCA shall not register a special resolution under [<sup>F9</sup> section 109 or 110 of the 2014 Act ] if the PRA informs the FCA that it is of the opinion that that paragraph (a) or (b) of subsection (3) applies, and
  - (b) the PRA must consult the FCA before determining its opinion. ]
- (4) In this Act the expression “non-qualifying member”, in relation to an amalgamated credit union or a credit union which has accepted a transfer of engagements, includes a person who [<sup>F10</sup>does not fall within a common bond and as a result does not qualify for admission to membership] of that credit union but became a member of it by virtue of the amalgamation or transfer of engagements, having been immediately before the amalgamation or transfer a non-qualifying member of one of the amalgamating credit

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unions or, as the case may be, the credit union from which the transfer of engagements was made.

#### Textual Amendments

- F1** Words in s. 21(1) substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\), s. 154, Sch. 4 para. 11\(2\)](#) (with Sch. 5)
- F2** Words in s. 21(3) substituted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\), art. 1\(1\), Sch. 6 para. 14\(2\)](#) (with Sch. 12)
- F3** Words in s. 21(3) substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\), s. 154, Sch. 4 para. 11\(3\)\(a\)](#) (with Sch. 5)
- F4** Word in s. 21(3) substituted (1.12.2001) by [S.I. 2001/2617, arts. 2\(b\), 13\(1\), Sch. 3 Pt. IV para. 286](#) (with [art. 13\(3\)](#)); [S.I. 2001/3538, art. 2\(1\)](#)
- F5** Words in s. 21(3)(a) substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\), s. 154, Sch. 4 para. 11\(3\)\(b\)](#) (with Sch. 5)
- F6** Words in s. 21(3)(a) inserted (2.7.2002) by [S.I. 2002/1501, arts. 1\(1\), 2\(16\)](#)
- F7** S. 21(3)(b) substituted (8.1.2012) by [The Legislative Reform \(Industrial and Provident Societies and Credit Unions\) Order 2011 \(S.I. 2011/2687\), arts. 1\(1\)\(b\), 14\(3\)\(a\)](#) (with arts. 25, 26)
- F8** S. 21(3A) inserted (1.4.2013) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2013 \(S.I. 2013/496\), art. 1\(1\), Sch. 6 para. 14\(3\)](#) (with Sch. 12)
- F9** Words in s. 21(3A)(a) substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\), s. 154, Sch. 4 para. 11\(4\)](#) (with Sch. 5)
- F10** Words in s. 21(4) substituted (8.1.2012) by [The Legislative Reform \(Industrial and Provident Societies and Credit Unions\) Order 2011 \(S.I. 2011/2687\), arts. 1\(1\)\(b\), 14\(3\)\(b\)](#) (with arts. 25, 26)

## 22 No conversion of credit union into company, etc.

[<sup>F11</sup> Sections 112 to 114 of the 2014 Act ] (conversion of registered society into company or amalgamation with, or transfer of engagements from registered society to, company) shall not apply to credit unions.

#### Textual Amendments

- F11** Words in s. 22 substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\), s. 154, Sch. 4 para. 12](#) (with Sch. 5)

## 23 Conversion of company into credit union.

<sup>F12</sup>(1) .....

<sup>F13</sup>(2) .....

(3) A company shall not be registered as a credit union in accordance with [<sup>F14</sup> section 115 of the 2014 Act (conversion of company into a registered society) ] unless the [<sup>F15</sup>FCA] is satisfied—

- (a) that either there are no outstanding deposits by members with the company or that, in the case of every such outstanding deposit, the member concerned has consented in writing to the deposit being converted into an equivalent amount of shares in the credit union immediately upon the company being registered as a credit union; [<sup>F16</sup>and]

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(b) that in no case does the nominal value of the company's shares held by any member, together with the amount of any deposit of his which is to be converted as mentioned in paragraph (a) above, exceed the maximum shareholding for the time being permitted by section 5(3) above [<sup>F17</sup>any applicable rules <sup>F18</sup>...] in the case of a member of a credit union; <sup>F19</sup> . . .

<sup>F20</sup>(c) . . . . .

[<sup>F21</sup>(4) In subsection (3), "applicable rules" are—

- (a) if the credit union is a PRA -authorised person, rules made by the PRA or the FCA under the 2000 Act; and
- (b) if the credit union is not a PRA -authorised person, rules made by the FCA under the 2000 Act. ]

[<sup>F22</sup>(5) Section 116 of the 2014 Act (member's shareholding in company exceeds maximum permitted amount) does not apply in relation to the conversion of a company into a credit union.]

#### Textual Amendments

- F12** S. 23(1) omitted (1.8.2014) by virtue of Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, **Sch. 4 para. 13(2)** (with Sch. 5)
- F13** S. 23(2) omitted (1.8.2014) by virtue of Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, **Sch. 4 para. 13(2)** (with Sch. 5)
- F14** Words in s. 23(3) substituted (1.8.2014) by Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, **Sch. 4 para. 13(3)** (with Sch. 5)
- F15** Word in s. 23(3) substituted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 6 para. 15(2)(a)** (with Sch. 12)
- F16** Word in s. 23(3)(a) inserted (2.7.2002) by S.I. 2002/1501, **arts. 1(1), 2(17)(a)**
- F17** Words in s. 23(3)(b) substituted (2.7.2002) by S.I. 2002/1501, **arts. 1(1), 2(17)(b)**
- F18** Words in s. 23(3)(b) omitted (1.4.2013) by virtue of The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 6 para. 15(2)(b)** (with Sch. 12)
- F19** Word in s. 23(3)(b) omitted (2.7.2002) by virtue of S.I. 2002/1501, **arts. 1(1), 2(17)(c)**
- F20** S. 23(3)(c) omitted (2.7.2002) by virtue of S.I. 2002/1501, **arts. 1(1), 2(17)(d)**
- F21** S. 23(4) inserted (1.4.2013) by The Financial Services Act 2012 (Mutual Societies) Order 2013 (S.I. 2013/496), art. 1(1), **Sch. 6 para. 15(3)** (with Sch. 12)
- F22** S. 23(5) inserted (1.8.2014) by Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, **Sch. 4 para. 13(4)** (with Sch. 5)

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