

CREDIT UNION REGULATIONS 2019

(Legal Notice of 2019)

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CREDIT UNION REGULATIONS 2019

(Legal Notice of 2019)

Made by the Minister under section 203 of the Credit Union Ordinance.

PART I

PRELIMINARY

Citation and commencement

1. These Regulations may be cited as the Credit Union Regulations 2019 and shall come into operation on the date of publication in the *Gazette*.

Interpretation

2. In these Regulations—

“amalgamation” is the combination of one or more credit unions into a new credit union;

“document” means a report, return or other document required to be sent to the Commission pursuant to the Ordinance or these Regulations;

“dormant account” means an account established in a credit union on which no transactions has been originated by the member for a period specified in the Dormant Account Ordinance and as specified in the by-laws;

“financial year” of a credit union means a calendar year or any other twelve-month period specified in the by-laws;

“form approved by the Commission” means a form established as a form approved by the Commission under section 44 of the Financial Services Ordinance;

“total assets” mean the sum of all assets that appear on the statement of financial position of the relevant monthly financial statements.

PART II

LICENSING OF CREDIT UNION

Licensing and registration of a credit union

3. (1) Pursuant to Part III of the Ordinance, an application for the licensing of a credit union shall be made in a form specified by the Commission and shall be accompanied by the fee specified in Schedule 7 of the Ordinance.

(2) Pursuant to section 52 of the Ordinance, any cancellation of the licence of a credit union shall be noted in the Register within seven days of cancellation.

Register of credit unions

4. (1) All entries onto the register of a credit union shall be made by the Commission under the authority of the Managing Director or his appointee.

(2) For the purposes of section 90 of the Ordinance, the Register shall contain in respect of each credit union—

- (a) its name;
- (b) its principal address;
- (c) the address of its place(s) of business;
- (d) the date of its registration;
- (e) the date its by-laws are adopted by members;
- (f) the date its by-laws are approved by the Commission;
- (g) its founding members;
- (h) the date that amendments are made to the by-laws;
- (i) the date that a name change is made;
- (j) any other details considered relevant by the Commission; and
- (k) the issue and cancellation of a licence.

(3) The Commission shall be notified of any changes within fourteen days of any change in particulars required to be registered under this Regulation.

(4) The register of credit unions shall be open to public inspection at the Commission's office during the normal hours of business for a nominal fee of \$50.

By-laws of a credit union

5. For the purposes of section 12 of the Ordinance, a credit union shall include at a minimum in its by-laws provisions regarding—

- (a) the credit union's area of operations and common bond of membership;
- (b) the manner of raising funds to meet the objectives of the credit union;
- (c) the redemption of shares and payment of any balances due on termination of membership;
- (d) the nature and extent of the liability of members;
- (e) the conditions on which loans may be made to members.

Minimum membership requirements

6. (1) Where the membership of a credit union falls below the minimum required by section 13(2) of the Ordinance, the credit union shall immediately notify the Commission and the remaining members.

(2) The Commission may grant such period of time for the credit union to restore its membership to the statutory minimum, failing which its licence may be cancelled.

Forms

7. Any forms required shall be a form as approved by the Commission for the purposes of the Ordinance, these Regulations and the Prudential Standards

Fees

8. The fees to be paid under the Ordinance and the Regulations are those fixed in Schedule 7 of the Ordinance.

PART III**MANAGEMENT****Fit and proper**

9. (1) No officer shall assume or occupy office unless the Commission determines that the officer is a fit and proper person in accordance with Schedule 2 of the Ordinance and it has given its formal written approval.

(2) Following any election or special election to the board or any committee of the credit union the secretary shall submit to the Commission the particulars of each elected officer for approval.

(3) The Commission shall within six weeks of the submission of the particulars of an elected officer review the submission in accordance with Schedule 2 of the Ordinance, to determine whether the person is a fit and proper person.

(4) Where the Commission refuses to approve an elected officer, the credit union shall nominate another person pursuant to its by-laws to be appointed.

Fidelity insurance

10. (1) A credit union shall, at all times, maintain such fidelity and other insurance as is appropriate taking into account the nature, size, complexity, structure and diversity of its licensed business.

(2) Without limiting subregulation (1), the insurance required to be maintained under subregulation (1) shall, except to the extent that the Commission otherwise permits in writing—

(a) cover the negligence of, and errors and omissions by, the licensee, the dishonesty of its employees and the loss and theft of documents (extending to liability, the costs of replacement, the reinstatement of data and the increased costs of working);

(b) include costs and expenses;

(c) be for a minimum amount of cover of \$50,000 for any one claim and \$1,000,000 in aggregate.

(3) A credit union shall notify the Commission in writing of any limitations in cover that may apply to its licensed business.

(4) In the event that the aggregate level of cover provided under an insurance policy required under subregulation (1) is depleted as a result of a claim on the policy, the credit union shall obtain re-instated cover that meets the requirements set out in this regulation.

(5) A credit union shall establish systems and controls to ensure compliance with the terms and conditions set out in an insurance policy required under subregulation (1), including in relation to the timely notification of events that may lead to a claim on the policy.

(6) The Commission may, on the application of a credit union, by written notice, vary the requirements specified in subregulations (1) to (5).

PART IV

SHARES

Permanent share requirement

11. A credit union shall define in its by-laws the minimum level of permanent shares required as a condition of membership pursuant to section 94(1) of the Ordinance.

Nominees

12. (1) For the purposes of section 94 of the Ordinance, where more than one nominee is appointed by a member, the proportion of the member's shares or interest in the credit union to be transferred to each nominee shall be specified at the time of nomination.

(2) The value of shares transferred to a nominee shall be represented by the sum actually paid for those shares by the member.

(3) Where shares or interest is paid to a nominee who is a minor, a receipt given by his parent or guardian shall be sufficient discharge to the credit union.

PART V

BORROWINGS AND LIQUIDITY

Share capital

13. (1) Every credit union shall maintain adequate levels of capital to support its operations in accordance with the provisions of these Regulations.

(2) A credit union shall express its share capital in its by-laws as—

(a) an amount of money divided into a specified number of shares set out in the by-laws; or

(b) an amount comprising an unlimited number of shares with a specified par value.

(3) A credit union shall maintain at all times a risk based capital adequacy ratio of capital base to risk based assets of not

less than 11%; and the Commission shall determine the respective capital components and risk weights to be applied to the assets.

(4) The Commission may vary the ratio specified in subregulation (3) after giving notice to the credit union of not less than ninety days prior to the date of the variation.

(5) The Commission may require an individual credit union to maintain levels of capital that are in excess of the levels specified in subregulation (3) and (4) where the nature of a particular credit union or specific circumstances relating to a particular credit union appear to the Commission to so warrant, and the said credit union shall comply with the requirement within a period as the Commission may specify.

Scheme for compliance with variation

14. (1) Any credit union who fails to comply with the variation as specified in regulation 13, shall within thirty days of being advised of the variation, submit to the Commission for approval a scheme for achieving compliance.

(2) The submission shall be made within a reasonable period of time as may be specified by the Commission, and shall not be greater than twelve months from the date of the implementation of the variation.

Scheme for compliance with capital requirement

15. (1) An existing credit union which, on the relevant date, has levels of capital which are not compliant with the capital requirements pursuant to regulation 13 shall within ninety days of that date, submit to the Commission for approval, a scheme for achieving compliance.

(2) The credit union shall comply with the scheme not later than twelve months from the relevant date, unless otherwise authorised by the Commission in writing.

Conditions to ensure prudent management

16. Where a credit union has failed to comply with the capital adequacy ratios and requirements under regulation 13, the credit union shall be subject to the conditions as the Commission may determine.

Stabilisation fund

17. (1) A credit union shall establish and maintain a stabilisation fund for the purposes of providing assistance, advice

and limited financial assistance to credit unions that are experiencing solvency problems or are insolvent.

(2) The stabilisation fund shall be administered by a person as the Commission may determine, with the approval of the credit unions licensed under the Ordinance.

(3) The Commission shall decide on the size of the stabilisation fund, the length of time for the fund to accumulate and the Commission shall set a period for reviews.

(4) After, each review the Commission will determine the contributions to be made by each credit union.

Liquidity requirements

18. (1) Pursuant to section 55 of the Ordinance, a credit union shall maintain a minimum liquidity ratio of 15% or such higher ratio as determined by the Commission.

(2) The Commission shall issue prudential guidelines in respect of the calculation of the ratio.

(3) A credit union shall maintain and demonstrate access to sufficient contingent liquidity to enable it to meet its normal cash flow requirements, including withdrawals and disbursements, as estimated by the credit union.

Reserve fund requirements

19. (1) A credit union shall ensure that all reserves held in accordance with, and for the purpose of this part and section 54 of the Ordinance are—

- (a) perpetual in nature;
- (b) freely available to absorb losses;
- (c) realised financial reserves that are:
 - (i) unencumbered; and
 - (ii) non-distributable.

(2) For the purposes of subregulation (1) any instrument classified or contributing to a reserve shall, in order to be eligible shall—

- (a) not be used as security or subject to an encumbered guarantee which enhances its seniority;
- (b) not have preferential distribution rights;

(c) rank below all other claims in the event of a liquidation;

(d) qualify as a reserve for accounting purposes.

(3) Subject to subregulation (1), a credit union shall establish and maintain a minimum statutory reserve of at least 10 % of the assets of the credit union.

(4) All membership fees are to be transferred to the statutory reserves of the credit union.

(5) The statutory reserves may be invested in accordance with section 58 of the Ordinance and Schedule 1 of the Ordinance.

(6) The investments that represent the total of the statutory reserves invested under subregulation (5) shall be identified in the accounts of the credit union.

(7) The statutory reserves shall not be distributed to members except in the case of a dissolution of a credit union.

(8) A credit union shall monitor its statutory reserves on a continuous basis to ensure compliance with this regulation.

(8) Where a credit union fails or is unlikely to comply with its statutory reserve requirement pursuant to section 54 of the Ordinance, the credit union shall, on becoming aware of this information, notify the Commission in writing no later than the close of the following business day.

Dividend and allocation of surplus

20. (1) A credit union shall satisfy all requirements under section 54 of the Ordinance before declaring or paying a dividend.

(2) A credit union shall not declare or pay any dividend or offer loan interest rebate without the written approval of the Commission.

PART VI

BUSINESS OF A CREDIT UNION

Enforcement of charge

21. (1) Repossessed property may not be sold by a credit union to an employee, an elected official of that credit union or their relative on any terms that are more favourable than those offered to other members.

(2) Where a credit union acquires property in the course of satisfaction of any debt due to it, the property shall be disposed of

within five years unless expressed written permission of the Commission is obtained.

PART VII

LOAN ADMINISTRATION

Lending

22. (1) Pursuant to section 107 of the Ordinance, an application for a loan shall be made on a form provided by the credit union and shall state—

- (a) the amount of the loan required;
- (b) the purpose for which the loan is required;
- (c) the period for which it is required;
- (d) the security if any offered;
- (e) the applicant's permission for the credit union to conduct checks on his credit worthiness and the validity of any security offered; and
- (f) any other information the credit committee or loan officer may require.

(2) The approval of a loan application shall be in writing and the credit committee or loan officer approving the loan shall ensure that the approval specifies—

- (a) the amount approved;
- (b) the date of approval;
- (c) the terms of payment;
- (d) the rate of interest;
- (e) any security to be held by the credit union;
- (f) any guarantees to be taken; and
- (g) any conditions that may be specified by the credit committee or the person approving the loan in addition to the conditions in paragraph (a) to (f).

(3) A loan granted by a credit union shall be evidenced by a signed loan agreement between the credit union and the borrower and obligor.

(4) A member of the board of a credit union, a credit committee, or the supervisory committee or any other person who has been authorised to approve loans shall not be present at the discussion of the approval of a loan or approve a loan to himself or to any person with whom he has a fiduciary relationship.

(5) Where a member of a credit union desires a loan in excess of the sum standing to his credit, he shall indicate his financial standing when submitting the application for a loan referred to in subregulation (1).

(6) No registered credit union shall lend to any member an amount exceeding 10% of the aggregate of the credit union's capital or such lesser percentage as is specified in the by-laws.

Borrowing by member of a board of a credit union, committee members, officers and employees

23. (1) Subject to section 110, 111, and 112 of the Ordinance, no officer, a member of a board of a credit union, or any committee member shall borrow from the credit union an amount in excess of the value of his holdings, unless approved by the vote of two-thirds of the other members of the board of a credit union, credit committee and supervisory committee sitting together.

(2) A credit union may grant a loan or aggregate loans to a member of a board of a credit union, a committee member, an officer or employee, related party or relative subject to the following—

- (a) the terms of the loan shall be granted in accordance with subregulation (1);
- (b) a loan shall not be granted on terms more favourable than those extended to other members of a credit union, except a loan granted as a benefit to an employee of a credit union;
- (c) a member of a board of a credit union, a committee member, an officer or an employee of a credit union who makes an application for a personal loan or who has a conflict of interest with a borrower shall disclose to the credit union the existence and nature of that conflict;
- (d) a credit union shall not permit a member of a board of a credit union, a committee member, an officer or an employee to act as co-makers, guarantors or endorsers of loans to other members of a board of a credit union, committee members, officers, employees, related party or relative, except where a loan is granted to a spouse of a member of a board of a credit union, committee member, officer or employee;
- (e) a report on loans approved and refused to a member of a board of a credit union, a committee

member, an officer or an employee of a credit union, and minutes of meeting where the loans were presented and approved or refused by the credit committee shall be submitted to the supervisory committee and the board of the credit union;

- (f) a loan shall not be made by a credit union to a body corporate if a majority of the shares of the body corporate is held by a member of a board of a credit union or an officer of a credit union, unless the application for the loan has been approved by the credit committee and the supervisory committee without the participation of a member of a board of a credit union.

(3) A meeting referred to in subregulation (1) is not properly constituted unless a quorum of the members are present.

Security for loans

24. (1) The board of a credit union shall by resolution establish a policy with respect to—

- (a) the collateral security required for approved loans;
- (b) the manner in which the fair market value of any real property obtained as a security for a loan is to be calculated.

Measuring loan impairment

25. (1) A credit union shall not assign a value to a security interest in a tangible property unless the credit union possesses a duly registered chattel.

(2) No value may be given to a security interests in intangibles such as goodwill, quotas, wage assignments, or personal third party guarantee excluding Government guarantees.

Interest on loans

26. (1) For the purposes of section 109 of the Ordinance, interest on loans may be paid at intervals not exceeding one month.

(2) A credit union shall not grant a discount or waiver of loan interest rates or other beneficial terms to a member of a board of a credit union or a committee member.

(3) A personal loan granted by a credit union shall include a provision for monthly payments of principal and interest amortised over a maximum period of eighty-four months.

(4) A mortgage loan granted by a credit union on the security of real property shall include provision for either weekly, bi-weekly or monthly payments of principal and interest amortised over a maximum period of three hundred and sixty months.

(5) Hospitality and tourism, or other business loans granted by a credit union shall include a provision for weekly, bi-weekly, monthly or pre-defined seasonal payments of principal and interest amortised over a maximum period of eighty-four months.

(6) The maximum interval at which interest on a loan shall be paid is one month.

Interest on pass due loans

27. (1) A credit union shall not continue to accrue interest income on a loan that is past due for ninety days or more.

(2) The interest accruing on loans past due for ninety days shall be reversed and shall not continue to be posted to the profit and loss account.

Loan terms and conditions

28. (1) Before the proceeds of a loan are disbursed the terms and conditions upon which the loan shall be granted and repaid shall be set out in an instrument in writing.

(2) A borrower may repay his loan prior to maturity in whole or in part on any day that the credit union is open for business.

(3) All transactions in a loan account of a member shall be shown by the necessary entries in a pass-book or statement to be delivered to each member.

(4) Where a mortgage on land or buildings is taken as security for a loan, the amount loaned shall not exceed 90% of the market value of the land or buildings.

(5) Before such a loan is made, the credit committee or a loan officer shall require an appraisal of the market value of the property by a qualified and competent appraiser selected by the applicant from a list of appraisers approved by the credit union and the appraiser shall be instructed and employed by the applicant.

(6) The expense of any appraiser employed pursuant to subregulation (5) shall be borne by the applicant for the loan.

(7) Where the credit committee is satisfied that a member has applied the proceeds of a loan to a purpose other than the

purpose which was stated in the application for the loan, the credit committee may by notice to the borrower, demand full payment of the loan before the agreed date of payment.

Concentration limits

29. (1) A credit union shall not make—

- (a) a commercial loan, where such a loan would cause the amount of outstanding commercial loans of the credit union to exceed 50% of the credit union statutory reserves;
- (b) a loan to another credit union, where such loan would cause the total amount outstanding loans to exceed 12.5 % of the statutory reserve.

Large exposure limit

30. (1) A credit union shall not make a loan to a borrower or a group of borrowers who are connected which would cause the credit union to have a total exposure to a borrower or group of borrowers who are connected of greater than or 10 % of the statutory reserve of the credit union.

(2) Where the exposure to a borrower or a group of borrowers who are connected exceeds the limit set out in subregulation (1), the credit union shall hold the amount of the exposure that is in excess of the limit in a realised reserve, separate from the statutory reserve of the credit union.

Lending requirements

31. (1) The maximum period for which a credit union can lend to any member shall be stipulated in their by-laws.

(2) A credit union shall not lend an amount exceeding 10% of its institutional capital or 2% of the aggregate withdrawal shares, whichever is less, to any individual member and its total loan portfolio shall not exceed 80% of the credit union's total assets.

Doubtful loans allowance

32. (1) In this regulation—

“delinquent loan” means a loan on which the agreed repayment terms have not been kept;

“doubtful loan” means any outstanding loan in arrears for a period exceeding three months.

(2) Where a credit union identifies a loan as a doubtful loan, the credit union shall immediately allow for the doubtful loan by establishing on its books and accounts an allowance for the doubtful loan in accordance with these Regulations—

- (a) reporting on the income statement it prepares, including its annual income statement required pursuant to section 75 of the Ordinance, as a loss from income, and an amount as an allowance for doubtful loans equal to the sum of allowances for all doubtful loans;
- (b) reporting on the statement of financial position it prepares, including its annual statement—
 - (i) the value, as an asset of its doubtful loans in an amount equal to the value of all of the doubtful loans as stated on its books and accounts less the allowance for the doubtful loans established in accordance with paragraph (a); and
 - (ii) in accordance with these Regulations, any property or other asset acquired in the financial year pursuant to a foreclosure or other realisation proceedings in relation to a loan that was a doubtful loan.

(3) A credit union shall report to the Commission at the end of each financial year—

- (a) the number and amount of doubtful loans for which an allowance is required to be made in accordance with these Regulations in the financial year; and
- (b) the value of property and other assets recovered in that financial year in respect of a doubtful loan.

(4) The board of a credit union shall cause a list of all doubtful loans to be available at the registered office of the credit union for an examination required by the credit committee, supervisory committee and the auditor of the credit union and the board of a credit union shall send a copy of that list to the Commission.

(5) The list mentioned in subregulation (3) shall include, with respect to each doubtful loan—

- (a) the name of the borrower;
- (b) the amount of the loan; and

(c) the amount of any allowance required to be made under these Regulations.

(6) Where a credit union determines that the allowance for doubtful loans required by subregulation (1) shall result in a net loss on its statement of comprehensive income for the financial year, it shall immediately notify the Commission in writing of that fact.

(7) Pursuant to regulation 35 and subject to the approval of the Commission, a credit union may use its statutory reserves for the following purposes—

(a) to make good any deficiencies created by its operations; and

(b) to charge off losses on its investments.

(8) When reporting a delinquency, a credit union shall report the entire loan balance outstanding and not only the repayment due.

Doubtful loan charge-off

33. (1) The principal of a loan classified as doubtful for more than three hundred and sixty five days shall be charged off against the provision for doubtful loans, and shall not be reported on a credit union's statement of financial position.

(2) Any accumulated or accrued interest with respect to a charged off loan shall be reversed at the time of charge-off.

(3) An account for charged-off loans shall be maintained separately from the other accounts of the credit union and these loans may continue to accrue interest to maintain adequate records of the borrower's full indebtedness.

(4) Where the board of a credit union approves a loan for a charge-off, the borrower's name along with the amount to be charged-off, shall be recorded in the minutes of the board of a credit union meeting.

(5) Where charged-off loan amounts are recovered these are to be treated as income.

Other financial assets allowance

34. (1) Where a credit union identifies that an actual loss shall be incurred on a financial asset or where the recoverable amount of the asset is less than its carrying value, the credit union shall make provision for this loss.

PART VIII

PROPERTY AND FUNDS OF CREDIT UNION

Investments

35. (1) For the purposes of section 58 and Schedule 1 of the Ordinance, the investment policy shall address, the following—

- (a) the purpose and objectives of the investment activities;
- (b) the types of permissible investments;
- (c) persons authorised to make investments or divestments;
- (d) diversification of investments.

(2) Investments are to be purchased with the intention to “hold to maturity” and trading securities for profit shall be avoided.

(3) A credit union shall not make investments with a member of a board of a credit union, officers, employees, related party or relative.

Acceptance of deposits

36. (1) For the avoidance of doubt, a credit union shall not accept deposits from non-members.

(2) A credit union shall not without the approval of the Commission, accept deposits for a term that is stipulated in an agreement between the credit union and the depositor to be longer than five years.

(3) Deposits may be withdrawn on any day that the credit union is open for business but the board of a credit union may at any time require the depositor to give up to sixty days' notice in writing of his intention to withdraw the whole or any part of his deposit.

(4) Interest on deposits shall be calculated and paid by a credit union on the first day of the month following such deposits, provided that amounts deposited on the first day of any month shall be placed on interest from that date.

(5) Where a credit union accepts deposits for a term that is stipulated in an agreement between the credit union and a depositor, the credit union shall provide a receipt to the depositor showing—

- (a) the terms and conditions on which the funds are deposited by the depositor and accepted by the credit union;
- (b) the date on which the deposit matures;
- (c) the rate of interest to be paid by the credit union on the funds deposited;
- (d) the time when interest shall be paid by the credit union; and
- (e) any conditions that the board of a credit union may stipulate for the withdrawal of funds by the depositor prior to the date the deposit matures.

(6) Where a person has deposited funds in an account with a credit union, that person is entitled to receive, and the credit union shall provide a statement showing the transactions conducted by that person involving the person's account, the balance of funds in the account and any other information which may reasonably be considered important.

(7) The board of a credit union may determine the form in which the statements required pursuant to subregulation (6) shall be given.

PART IX

AMALGAMATION

Amalgamation of credit unions

37. (1) Pursuant to section 191 of the Ordinance, credit unions which have agreed to amalgamate are responsible for preparing and submitting to the Commission all documentation as outlined in the prudential standards.

(2) The Commission has the right to require additional information or documents necessary to make the final decision on the approval or denial of the amalgamation.

(3) The amalgamating credit unions shall—

- (a) agree on the by-laws for the regulation of the proposed amalgamated credit union;
- (b) each approve the terms of the amalgamation by a special resolution, which shall also approve the by-laws of their successor credit union; and
- (c) jointly apply to Commission for the licence of the amalgamated credit union, and send to the Commission three copies of its by-laws signed by

the secretary of each of the amalgamating credit union.

(4) Once the Commission is satisfied that all the conditions set out in the Regulations and the Prudential Standards have been met, the by-laws of the newly amalgamated credit union shall be registered and a new licence issued, specifying the date from which the new entity shall take effect.

(5) Where the Commission grants approval for the amalgamation of two or more credit unions the old credit unions shall be dissolved, the licences cancelled and the register updated accordingly.

(6) Where ownership of any property is registerable and is duly registerable following the amalgamation the registerable property shall be registered in the name of the new credit union.

Procedures for transfers

38. (1) Pursuant to section 192 of the Ordinance, a credit union which proposes—

- (a) to transfer its assets, liabilities and other engagements to another credit union; or
- (b) to fulfil the engagements of another credit union,

shall notify every member of the credit union and the auditor of the credit union by means of a statement, in the form the Commission may direct, showing the matters specified in subregulation (2) together with a copy of the audited annual accounts for the most recent financial year.

(2) The matters to be specified in the statement referred to in subregulation (1) are—

- (a) the financial position of each credit union concerned as appearing from the most recent unaudited monthly statements;
- (b) details of any payments proposed to be made to members of each credit union concerned in consideration of the proposed amalgamation or transfer;
- (c) any changes to be made, in connection with the transfer, the terms governing outstanding loans;
- (d) details of the arrangements proposed in relation to the employees of each credit union; and

- (e) any other matter which the Commission may require in the case of a particular amalgamation or transfer.

(3) The statement under subregulation(1) shall not be sent to the members of a credit union, until it has been approved by—

- (a) the Supervisory Committee;
(b) the members of the board of a credit union; and
(c) the Commission;

and it shall be sent so that the members are duly notified before the date on which they receive notice of any resolution which favours the transfer and that the resolution is to be moved at a general meeting of the credit union.

(4) Where any creditor objects in writing to the proposal, any claims made by him against the credit union shall be satisfied first.

PART X

RECEIVERS AND RECEIVER-MANAGER

Appointment of receiver or judicial manager

39. Pursuant to section 159 of the Ordinance, upon the appointment of a judicial manager by the Supreme Court, the powers of the board of a credit union shall cease and the judicial manager shall take immediate possession and control of a credit union's business and assets until—

- (a) he is discharged by the Supreme Court; or
(b) the credit union is dissolved.

PART XI

DISSOLUTION

Notice of dissolution

40. Upon dissolution of a credit union, a notice of dissolution shall be published for two consecutive weeks in the *Gazette* and at least one newspaper in national circulation.

Certificate of revival

41. Where a dissolved credit union has been revived, the Commission shall issue a certificate of revival using a form approved by the Commission.

PART XII

DISPUTES

Referral of disputes

42. A credit union shall include in its by-laws dispute resolution provisions to address foreseen and unforeseen disputes that are likely to arise.

PART XIII

MISCELLANEOUS

Dormant Accounts

43. A credit union shall include in its by-law provisions to address dormant accounts and shall ensure that the provisions are in conformity with the Dormant Accounts Ordinance.

MADE thisday of 2019.

**SHARLENE CARTWRIGHT-ROBINSON
MINISTER FOR FINANCE**

EXPLANATORY NOTE

(This note is not part of the Order)

This Regulation is to give effect to the provisions of the Ordinance in particular to the required prudential criteria and to matters relating to licences for credit unions.

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